

### Fiscal Estimate - 2007 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>07-1905/1</b>	<b>Introduction Number</b> <b>SB-084</b>
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**Description**  
 Relating to: allowing schools and local governmental units to claim refunds of the motor vehicle fuel tax and alternate fuels tax and making an appropriation

**Fiscal Effect**

**State:**

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

**Local:**

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

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

GPR     FED     PRO     PRS     SEG     SEGS Ch. 20.566(1)(u)

<b>Agency/Prepared By</b> DOR/ Jacek Cianciara (608) 266-8133	<b>Authorized Signature</b> Paul Ziegler (608) 266-5773	<b>Date</b> 3/22/2007
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## Fiscal Estimate Narratives

DOR 3/22/2007

LRB Number	07-1905/1	Introduction Number	SB-084	Estimate Type	Original
<b>Description</b> Relating to: allowing schools and local governmental units to claim refunds of the motor vehicle fuel tax and alternate fuels tax and making an appropriation					

### Assumptions Used in Arriving at Fiscal Estimate

This bill provides for a refund of the excise tax paid on motor vehicle fuel and alternate fuels by any technical college district, municipality (city, village, or town), county, or school district. In addition, a person who purchased motor vehicle fuel and alternate fuels to transport students to and from school activities pursuant to a contract with a school district qualifies for a refund. This bill takes effect on the first day of the third month beginning after publication.

In developing this fiscal estimate it was assumed that fuel consumption by municipalities and counties, school districts, and technical colleges will grow between FY07 and FY09 at the same rate as fuel consumption growth estimated for Wisconsin. According to an estimate developed by the Department of Transportation, fuel consumption in Wisconsin is expected to increase by 1.11% in FY07, -0.25% in FY 08 and 1.15% in FY09. Furthermore, the assumed fuel tax rate is the current rate of 30.9 cents per gallon.

#### Municipal and County Fiscal Effect

According to the Department of Transportation Cost Allocation Study, in 1989 vehicles owned by counties and municipalities consumed 36.6 million gallons of fuel. A more recent study of fuel consumption by counties and municipalities is not available.

Assuming county and municipality fuel consumption grew at the same rate as statewide fuel consumption between 1989 and 2006, it is estimated that vehicles owned by counties and municipalities will consume 46.5 million gallons of fuel in FY07, 46.4 million gallons in FY08, and 46.9 million gallons in FY09. The revenue loss from refunding the tax to counties and municipalities is estimated to be \$14.3 million in FY08 and \$14.5 million in FY09.

#### School Districts Fiscal Effect

Based on the information received from the Department of Public Instruction, in 2005 school districts spent \$ 15.9 million on motor fuel, which is equivalent to the consumption of 6.63 million gallons of fuel, based on the average price of fuel of \$2.50 per gallon. Assuming the average price \$2.50 per gallon, the estimated tax revenue loss will amount to \$1.99 million in FY08 and \$2.02 million in FY09.

These revenue loss numbers only include fuel purchased directly by school districts in Wisconsin. Other users of fuel which would qualify for a refund are persons who transport students to and from school activities pursuant to a contract with a school district. The fuel expense data for this group is not available.

#### Technical College Districts

According to the Wisconsin Technical College (WTC) system, in FY06 the colleges used 298,900 gallons of fuel. Assuming that WTC fuel consumption grew in FY07 at the same rate as in the state, the estimated fuel tax refunds to technical colleges would be \$93,200 in FY08 and \$94,200 in FY09.

#### Overall State Fiscal Effect

The combined loss of fuel tax revenues from refunding fuel tax paid by technical colleges, municipalities, counties, and school districts is estimated to be \$16.4 million in FY08 and \$16.6 million in FY09.

#### Department of Revenue Operating Costs

Total one-time administrative costs for the Department of Revenue to implement the bill are estimated at \$55,000, including \$2,500 for notification letters and \$52,500 for programming costs.

## Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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<b>LRB Number</b> <b>07-1905/1</b>		<b>Introduction Number</b> <b>SB-084</b>	
<b>Description</b> Relating to: allowing schools and local governmental units to claim refunds of the motor vehicle fuel tax and alternate fuels tax and making an appropriation			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  Total one-time administrative costs are estimated at \$55,000, including \$2,500 for notification letters and \$52,500 for programming costs.			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$	\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			-16,400,000
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$-16,400,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-16,400,000	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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