

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-1928/1	Introduction Number AB-0088
Description depositing sales tax revenue from the sale of motor vehicles and motor vehicle parts, accessories, and services into the transportation fund	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input checked="" type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local: <input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
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	
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Date 3/20/2023	

Fiscal Estimate Narratives

DOR 3/20/2023

LRB Number	23-1928/1	Introduction Number	AB-0088	Estimate Type	Original
Description depositing sales tax revenue from the sale of motor vehicles and motor vehicle parts, accessories, and services into the transportation fund					

Assumptions Used in Arriving at Fiscal Estimate

This bill requires the Department of Revenue to deposit into the transportation fund a percentage of the sales tax revenue from the sale of motor vehicles and motor vehicle parts, accessories, and services beginning with the taxes collected on July 1, 2023 (FY2024). In FY24, 10% of such revenue would be subject to the transfer. That share increases to 15% in FY25, 20% in FY26, and by 2.5 percentage points each year thereafter until reaching 50% in FY38.

Using department data for NAICS codes 4411, 4412, 4413, 5321 and 811111, along with data provided by the Department of Transportation, sales and use tax collections for FY22 totaled \$1.07 billion.

Under the bill, 10% of the sales and use tax collections from the prescribed sources will be transferred to the transportation fund in FY24. Based on motor vehicle and parts sales forecasts from S&P Global, the department estimates \$104.5 million will be deposited into the transportation fund in FY24 and \$155.9 million in FY25 when the share increases to 15%.

To the extent businesses within the noted NAICS codes have sales outside of motor vehicles and motor vehicle parts, accessories, and services, the estimated transfer amount would be overstated; however the department expects this to be a minor amount.

Long-Range Fiscal Implications