

Fiscal Estimate - 2025 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 25-2511/1	Introduction Number AB-0200
Description applying the motor vehicle fuel tax supplier's administrative allowance to diesel fuel, a motor vehicle fuel tax refund for evaporation losses, and making an appropriation	
Fiscal Effect State: <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <div style="display: flex;"><div style="width: 50%;"><input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations</div><div style="width: 50%;"><input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues</div></div></div><div style="width: 33%;"><input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around;"><input type="checkbox"/> Yes <input type="checkbox"/> No</div></div><div style="width: 33%;"><input type="checkbox"/> Decrease Costs</div></div> Local: <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate <div style="display: flex;"><div style="width: 50%;">1. <input type="checkbox"/> Increase Costs <div style="display: flex;"><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div></div><div style="width: 50%;">3. <input type="checkbox"/> Increase Revenue <div style="display: flex;"><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div></div></div></div><div style="width: 33%;"><div style="display: flex;"><div style="width: 50%;">2. <input type="checkbox"/> Decrease Costs <div style="display: flex;"><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div></div><div style="width: 50%;">4. <input type="checkbox"/> Decrease Revenue <div style="display: flex;"><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div></div></div></div><div style="width: 33%;">5. Types of Local Government Units Affected <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> Towns <input type="checkbox"/> Counties <input type="checkbox"/> School Districts</div><div style="width: 33%;"><input type="checkbox"/> Village <input type="checkbox"/> Others <input type="checkbox"/> WTCS Districts</div><div style="width: 33%;"><input type="checkbox"/> Cities</div></div></div></div>	

Fund Sources Affected

☐ GPR ☐ FED ☐ PRO ☐ PRS ☒ SEG ☐ SEGS

Affected Ch. 20 Appropriations
Transportation Fund

Fiscal Estimate Narratives

DOT 7/23/2025

LRB Number	25-2511/1	Introduction Number	AB-0200	Estimate Type	Original
Description applying the motor vehicle fuel tax supplier's administrative allowance to diesel fuel, a motor vehicle fuel tax refund for evaporation losses, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

This bill allows motor vehicle fuel suppliers in Wisconsin to retain a 1.35% administrative allowance for diesel fuel, extending a benefit previously only applied to gasoline. It also reintroduces a refund program for retailers to recover 0.5% of the fuel tax paid, compensating for fuel lost through shrinkage or evaporation. Retailers must file claims with supporting documentation within 12 months of purchase to receive the refund from the Department of Revenue DOR.

This bill amends existing statutes to (1) extend the supplier tax allowance to diesel, and (2) reintroduce a tax refund for retailers to offset losses due to fuel evaporation.

Between FY20 – FY24 the average taxable gallons of diesel fuel reported was about 882,300,000 gallons per fiscal year.

Long-Range Fiscal Implications

Imposing an administrative allowance of 1.35% on diesel will result in an average administrative allowance of \$3,700,000 per fiscal year.

Prior to 2019, the state provided gasoline retailers a 0.05 percent refund to compensate for shrinkage and evaporation losses. This bill reinstates that refund and extend it to cover diesel fuel. Between FY15 - FY19 the DOR received and refunded claims of about \$2,900,000 to retailers for the shrinkage and evaporation losses on gasoline per fiscal year.

On average the ratio of diesel gallons to gasoline gallons taxpayers file with the DOR is about 0.34. Assuming the same ratio applies to refund claims for shrinkage and evaporation losses, DOR estimates shrinkage and evaporation losses on diesel to be about \$1,000,000 per FY.

The estimated net revenue loss to the transportation fund for applying the 1.35% administrative allowance to diesel and reinstating the 0.5% evaporation loss for retailers on gasoline and extending the evaporation loss to include diesel is \$7,600,000 (\$3,700,000 + \$2,900,000 + \$1,000,000). The estimate on diesel is based only on undyed diesel fuel. The estimated net revenue loss will vary to the extent at which retailers file a refund claim for shrinkage or evaporation losses. It is likely that bigger retailers will claim the refund, but smaller retailers may not claim the refund as the cost of claiming it may exceed the refund itself.