

FISCAL ESTIMATE FORM

2001 Session

- ORIGINAL UPDATED
- CORRECTED SUPPLEMENTAL

LRB # 01-2019/1
INTRODUCTION # AB 161
Admin. Rule #

Subject
Exempt Local Governments and the UW System from the Motor Fuels Tax

Fiscal Effect

State: No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

<input type="checkbox"/> Increase Existing Appropriation <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Appropriation <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Create New Appropriation	<input checked="" type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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Local: No Local Government Costs

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input checked="" type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Villages <input type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts
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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"/> SEG-S	20.566 (1)(a)

Assumptions Used in Arriving at Fiscal Estimate:

This bill exempts every Wisconsin municipality, county, school district, University of Wisconsin System institution, or technical college district from the 27.3 cent per gallon excise tax on gasoline and diesel fuel, effective July 1, 2001.

Counties and Municipalities

A Department of Transportation Cost Allocation Study indicated that vehicles owned by counties and municipalities consumed 36.6 million gallons of fuel in 1989. Adjusting for statewide growth in fuel consumption between 1989 and FY02, it is estimated that vehicles owned by counties and municipalities will consume 47.84 million gallons of fuel in FY02. Applying the 27.3 cents per gallon motor vehicle fuel tax rate to this consumption yields tax of \$13.06 million, which would be the revenue loss from an exemption for county and municipal fuel consumption under this bill.

School Districts

Based on the information received from the Wisconsin School Bus Association (WSBA), the Department of Public Instruction estimated that there are approximately 1,900 school buses owned by Wisconsin school districts and they travel an average of 20,000 miles per year. About 90% of these buses are diesel-powered, with a fuel efficiency of about 6 miles per gallon, and the remaining 10% are gasoline-powered, with a fuel efficiency of about 3 miles per gallon. Based on this information, it is estimated that diesel fuel consumption for district-owned buses is 5.7 million gallons per year and for gasoline-powered buses is 1.27 million gallons, for total consumption of 6.97 million gallons. The revenue loss from exempting this fuel from the motor fuels tax would be \$1.90 million in FY02.

(continued on page two)

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Jacek Cianciara, (608) 266-8133	Dennis Collier <i>Dennis Collier</i> (608) 266-5773	4/2/01

There would be an additional revenue loss from an exemption for fuel consumed in other district-owned vehicles, for which data are not available.

Technical College Districts

Based on the responses about fuel consumption provided by six technical college districts, it is estimated that these districts use an average of 0.36 gallons of fuel per enrolled student. Technical college enrollment in 1997-98 was an estimated 439,000 students. Assuming enrollment growth of about 1% per year, which was the average from 1993-94 to 1997-98, through FY02 and assuming fuel consumption remains constant at 0.36 gallons per student, technical college district consumption would be about 164,000 gallons in FY02. Thus, the proposed exemption for that consumption would reduce fuel tax revenues by \$0.04 million.

University of Wisconsin System

According to the University of Wisconsin System, fuel consumption for all Wisconsin campuses in 2000 was 804,000 gallons. Assuming the UW System's consumption grows at the same rate as projected fuel consumption, consumption in FY02 is estimated to be about 839,000 gallons; the revenue loss from exempting this consumption would be about \$0.23 million.

State and Local Fiscal Effect

The total decline in motor fuel tax revenue from this bill in FY02 would be estimated \$15.23 million—the sum of the losses associated with exempting fuel purchases by counties and municipalities (\$13.06 million), school districts (\$1.90 million), technical college districts (\$0.04 million) and the UW System (\$0.23 million).

The motor fuel tax decrease would also be experienced by these governmental agencies as a decline in expenditures—a state spending decrease of \$0.23 million for the UW System and a local government spending decrease of \$15.00 million for counties, municipalities, school districts and technical college districts.

Department of Revenue Operating Costs

The Department of Revenue would one-time costs of \$61,000 to develop and mail new forms and revise computer applications and ongoing costs of \$2,500. The bill does not provide funding for these costs.

DC
4/9/01

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

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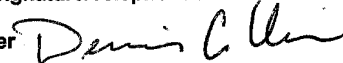
I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

\$61,000 GPR-Exp

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs	2,500	-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$ 2,500	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$ 2,500	\$ -
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		-15.23 million
TOTAL State Revenues	\$	\$ -15.23 million

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ 2,500	\$ -15.00 million
NET CHANGE IN REVENUES	\$ -15.23 million	\$

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