Fiscal Estimate - 2005 Session

X	Original		Updated		Corrected		Supplem	ental	
LRB	Number	05-0232/1		Introd	luction Num	ber SI	B-156		
Subject									
Eliminate the annual adjustment of the motor vehicle fuel tax									
Fiscal	Effect								
	No State Fisc ndeterminate Increase E Appropriat Decrease Appropriat Create Ne	e Existing tions Existing	Reve Decre Reve	ease Existing	to abs	ase Costs - sorb within Yes ease Costs	agency's		
Local: No Local Government Costs Indeterminate 1. Increase Costs Permissive Mandatory 2. Decrease Costs Permissive Mandatory Permissive Mandatory Permissive Mandatory Permissive Mandatory Permissive Mandatory Districts 5. Types of Local Government Units Affected Towns Village Cities Counties Others School WTCS Districts									
Fund Sources Affected Affected Ch. 20 Appropriations GPR PRO PRO SEG SEGS Transportation Fund									
Agenc	y/Prepared E	Зу		Authorized S	ignature		D	ate	
DOR/ Jacek Cianciara (608) 266-8133				Rebecca Boldt (608) 266-6785				22/2005	

Fiscal Estimate Narratives DOR 4/22/2005

LRB Number 05-0232/1	Introduction Number SB-156	Estimate Type	Original					
Subject								
Eliminate the annual adjustment of the motor vehicle fuel tax								

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the rate of the motor vehicle fuel tax is annually adjusted on April 1 by multiplying the tax rate by the percentage change in the annual average U.S. Consumer Price Index.

The bill would eliminate the annual adjustment in the motor vehicle fuel tax rate on April 1, 2005 and in each subsequent year. Beginning on April 1, 2005, the motor vehicle fuel tax rate was raised from 29.1 cents to 29.9 cents per gallon. The fuel tax rate adjusted for inflation was estimated by the department to increase to 30.5 cents on April 1, 2006. In addition, the department developed a forecast of future fuel consumption in the state.

Eliminating the motor vehicle fuel tax rate adjustment that occurred on April 1, 2005, would result in refunds reducing tax revenues by \$6.5 million in the remaining 3 months of FY05. In addition, tax revenues would be reduced by \$28.1 million in FY06 and by \$41.6 million in FY07. These estimates do not include the impact of a potential increase in fuel consumption due to lower tax rate.

This bill does not have any impact on administrative expenses of the department.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

☑ Original	Update	ed	Corrected		Supplemental		
LRB Number	05-0232/1		Introduction Num	ber	SB-156		
Subject Eliminate the annua	al adjustment of the m	notor vehi	cle fuel tax				
I. One-time Costs annualized fiscal e		for State	and/or Local Governn	nent (do	not include in		
II. Annualized Costs:			Annualized Fiscal Impact on funds from:				
The state of the s	ing the second of the second o	(*) - 1	Increased Costs		Decreased Costs		
A. State Costs by	Category	18 18					
State Operations	- Salaries and Fringe	es	\$		A Section of the sect		
(FTE Position Ch	anges)						
State Operations	- Other Costs						
Local Assistance							
Aids to Individual	s or Organizations						
TOTAL State	Costs by Category		\$		\$		
B. State Costs by	Source of Funds						
GPR							
FED							
PRO/PRS							
SEG/SEG-S							
	s - Complete this onl increase, decrease		proposal will increase on e fee, ets.)	r decrea	ase state		
			Increased Rev	A al	Decreased Rev		
GPR Taxes			\$		\$		
GPR Earned							
FED							
PRO/PRS							
SEG/SEG-S					-28,100,000		
TOTAL State		<u> </u>	\$		\$-28,100,000		
	NET AN	NUALIZE	D FISCAL IMPACT				
			<u>State</u>		Local		
NET CHANGE IN COSTS			\$				
NET CHANGE IN R	REVENUE	L	\$-28,100,000		\$		
Agency/Prepared By			orized Signature	Date			
DOR/ Jacek Cianciara (608) 266-8133			ecca Boldt (608) 266-678	4/22/2005			