

BILL ANALYSIS AND FISCAL IMPACT REPORT
Taxation and Revenue Department

January 22, 2025

Bill: SB-27

Sponsor: Senator Pat Woods

Short Title: State Road Fund Distribution Increase

Description: This bill eliminates a distribution from motor vehicle excise tax (MVEX) to the general fund and increases the distribution amount to the state road fund.

Effective Date: July 1, 2026

Taxation and Revenue Department Analyst: Lucinda Sydow

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2025	FY2026	FY2027	FY2028	FY2029		
--	--	(181,600)	(184,400)	(188,800)	R	General Fund
--	--	181,600	184,400	188,800	R	State Road Fund

* In thousands of dollars. Parentheses () indicate a revenue loss. ** Recurring (R) or Non-Recurring (NR).

Methodology for Estimated Revenue Impact: The Taxation and Revenue Department (Tax & Rev) applied the proposed distribution rates which eliminate the distribution to the general fund and increase the allocation to the State Road Fund to 81.25% of the MVEX, to the current Consensus Revenue Estimating Group’s (CREG) December 2024 MVEX forecast.

Policy Issues: Directing all MVEX revenue to the state road fund and local government road funds is a supportable earmark since the cost of maintaining roads is directly tied to vehicle sales, which contributes to road deterioration. This would enable direct planning of budget use with forecasted MVEX revenue. This proposal though would eliminate a recurring General Fund revenue source, reducing the legislature’s budgetary flexibility with respect to the broad appropriation needs of the State in future years. In FY24, MVEX contributed \$167.3 million to the General Fund, or approximately 1.3% of recurring General Fund revenue.

Technical Issues: None.

Other Issues: None.

Administrative & Compliance Impact: This bill is expected to have a low impact on Tax & Rev’s Administrative Services Division (ASD). Tax & Rev will update the Tapestry System’s general ledger and reporting. It is anticipated this work will take approximately 20 hours split between 2 FTE of a pay band 70 and a pay band 80 at a cost of approximately \$1,300. Collaboration and input from the Department of Finance and Administration (DFA) input is required as this will decrease General Fund revenue distributions.

Implementing this bill will have a low impact on Tax & Rev’s Information Technology Division (ITD), approximately 240 hours or 1½ months for an estimated \$16,000 of staff workload costs.

Estimated Additional Operating Budget Impact*				R or NR**	Fund(s) or Agency Affected
FY2025	FY2026	FY2027	3 Year Total Cost		
--	\$1.3	--	\$1.3	NR	Tax & Rev- ASD staff workload
--	\$16.0	--	\$16.0	NR	Tax & Rev- ITD staff workload

* In thousands of dollars. Parentheses () indicate a cost saving. ** Recurring (R) or Non-Recurring (NR).

Related Bills: Conflicts with HB-19