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FISCAL IMPACT REPORT

SPONSOR: House Transportation Committee DATE TYPED: 03/12/01 HB 367/HTCS

SHORT TITLE: Distribution of Motor Vehicle Excise Tax Revenues SB

ANALYST: Williams

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
		\$ (9,147.0)	Recurring	General Fund
		\$ 14,743.0	Recurring	State Road Fund

(Parenthesis () Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to HB 479, HB 651, SB 207

SOURCES OF INFORMATION

LFC Files
 Taxation and Revenue Department (TRD)
 State Highway and Transportation Department (SHTD)

SUMMARY

Synopsis of HTC Substitute for HB 367, HB 479 and HB 651

The bill authorizes an increase in the gasoline tax rate and the special fuels excise tax rate by one cent per gallon each January for four years from 2003 through 2006. Other recipients of gasoline tax revenue and special fuels tax revenue would not be significantly impacted. The diversion of motor vehicle excise tax from the general fund to the state road fund would be: 12.5% in calendar year 2003, 25% in calendar year 2004, 37.5% in calendar year 2005 and 50% in calendar year 2006 and beyond. These shifts would result in a revenue loss for the general fund, and a revenue increase for the state road fund.

The one cent per gallon decrease in the gasoline tax currently scheduled for July 1, 2003 would be repealed.

Bonding capacity is created for highway projects as a result of the increase in revenue to the state road fund, and 20 road projects are authorized.

Synopsis of Original Bill

This bill redirects motor vehicle excise tax revenue from the general fund to the state road fund and county and municipal governments. The diversion of general fund revenues is phased-in over three-years. The state road fund, all counties and all municipalities each receive 1/3 of the motor vehicle tax revenue. Funding to counties would be allocated based on miles of roads maintained, while municipality funding would be distributed based on population. Use of the local government funding distribution is limited to road, street and transportation purposes.

Significant Issues

State Highway and Transportation Department revenue projection have been revised downward and the department is essentially maxed out on bonding capacity to fund new highway projects. The infrastructure needs of the state are significant and need to be addressed.

FISCAL IMPLICATIONS

Synopsis of HTC Substitute for HB 367, HB 479 and HB 651

TRD indicates the FY03 general fund recurring revenue loss would be \$9,147.0. The revenue loss for the general fund is projected to escalate over time to \$73,596.0 in FY07. State road fund revenues are projected to increase by \$14,743.0 in FY03 and grow over time to an additional \$122,918.0 in FY07.

Synopsis of Original Bill

TRD and SHTD indicate the FY02 general fund revenue loss would be \$2,833.0. The revenue loss for the general fund is projected at 35,667.0 in FY02 and escalates over time. The revenue gain is equally distributed among the state road fund, counties and municipalities as shown above. The attached SHTD analysis illustrates each county and municipal impact.

TECHNICAL ISSUES

Synopsis of HTC Substitute for HB 367, HB 479 and HB 651

TRD notes a moderate negative administrative impact for taxpayers and the department from two fuel tax rate changes every year for four years.

Synopsis of Original Bill

An impact is shown for FY01 because the new distribution formula would be applied to the distributions of June 2001 revenue distributed in July 2001.

OTHER SUBSTANTIVE ISSUES

Synopsis of Original Bill

TRD notes in 63 years of imposing taxes on sales and use of motor vehicles, more than 77 percent of total vehicle excise taxes collected were distributed to general fund, while less than 23 percent were distributed to state and local government road funds. From 1981 through 1986, the general fund did not receive a portion of the motor vehicle excise tax. TRD also indicates the motor vehicle excise tax is imposed in lieu of the gross receipts tax, not as an access fee for use of state roads.

AW/njw