

## Department of Planning and Budget 2011 Fiscal Impact Statement

**1. Bill Number:** HB1654

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Purkey

**3. Committee:** Finance

**4. Title:** Motor fuels tax rate; adjusted by motor fuel price index.

**5. Summary:** This bill provides that beginning April 1, 2012, the rate of tax on motor fuel shall be increased or decreased annually by the percentage increase or decrease in the retail price of motor fuel. The bill does not become effective unless approved by the voters at the election to be held November 8, 2011. The bill has a sunset date of December 1, 2016.

**6. Budget Amendment Necessary:** Yes, Item 453.

**7. Fiscal Impact Estimates:** Preliminary.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2011	-	-	-
2012	\$26,070	-	Transportation Funds
2013	-	-	-

**7b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2011	-	-
2012	\$7,300,000	Transportation Funds
2013	\$46,800,000	Transportation Funds
2014	\$54,200,000	Transportation Funds
2015	\$30,000,000	Transportation Funds
2016	\$24,500,000	Transportation Funds

**8. Fiscal Implications:** The Department of Motor Vehicles estimates initial programming costs of \$26,070 to implement the provisions of this legislation. These costs can be absorbed within existing resources.

The estimated revenue impact has been calculated by the Department of Taxation and is based on fuel consumption projections contained in the December 2010 Commonwealth Transportation Fund forecast, and on projected changes in the CPI – Motor Fuels from the Economy.com December 2010 forecast. As the new motor fuels tax rate would be set each December and take effect the following April, data for FY 2012 represent a two month

impact. Data for FY 2013-2016 reflect collection of revenue for 10 months based on the rate set in the prior fiscal year and for two months based on the rate set in the current fiscal year.

In FY 2012, for example, the current tax rate of \$0.175 would be multiplied by the 2011 motor fuels consumer price index for a new effective rate of \$0.183. Based on sales of 5,180 gallons of fuel, an additional \$7.3 million would be realized.

**9. Specific Agency or Political Subdivisions Affected:** Department of Transportation,  
Department of Motor Vehicles.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.

**Date:** 1/18/11

**Document:** G:\10-12\2011\FIS\HB1654 .Doc Janet Vogelgesang

cc: Secretary of Transportation