

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **SB 329** SLS 09RS 566
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 26, 2009	1:56 PM	Author: MCPHERSON
Dept./Agy.: Revenue		Analyst: Deborah Vivien
Subject: Non-hazardous waste hauler exemption from T&C		

TAX/TAXATION OR DECREASE GF RV See Note Page 1 of 1
 Exempts motor carriers of non-hazardous waste from the 2% transportation and communications tax. (7/1/09)

Current law subjects motor carriers transporting waste for hire to a 2% transportation and communications tax on gross receipts resulting from intrastate trade. Exempt is transportation originating from rail yard or shipping docks within the corporate boundaries of the same city or town or within a seven mile zone adjacent to the city or town.

Proposed law retains current law and exempts non-hazardous oilfield waste and non-hazardous industrial solid waste carriers from the 2% transportation and communications tax.

Effective July 1, 2009.

EXPENDITURES	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

According to the Department of Revenue, current collections related to the freight component of the transportation and communications tax are about \$2 million per year associated with about 318 filers. This bill exempts only motor carriers hauling non-hazardous waste, exact data for which is unobtainable from the Department's tax system. According to the Public Service Commission, there are 127 carriers certified for non-hazardous oilfield and industrial solid waste and 63 carriers certified for saltwater waste related to oilfield production. Assuming no duplication and that saltwater carriers are also exempted by this bill, that would imply that there are 190 non-hazardous waste carriers exempted by the bill (127 oilfield and industrial solid + 63 saltwater related to oilfield production). Assuming proportionality between the number of carriers and the total collections of the tax, these numbers imply that about 60% of current collections are related to non-hazardous waste carriers (190 non-hazardous carriers/318 total filers). Thus, 60% of current freight collections of \$2 million per year may relate to the carriers exempted by this bill, or a possible fiscal impact of about \$1.2 million per year. If saltwater carriers are not included as exempt, the impact may be closer to \$800,000 per year (127 non-hazardous carriers/318 filers = 40% of \$2,000,000). These estimates hinge on the a proportional relationship between carrier counts, gross receipts, and tax collections. Actual impacts will likely differ somewhat from such an estimating method. However, even ranging plus or minus 25% results in a revenue loss range of \$600,000 - \$900,000 per year.

It is not clear whether carriers of saltwater related to oilfield production would be exempt under this legislation, though saltwater is a component of exploration and production waste that is exempt from federal hazardous waste regulations. Discussions with the Department of Revenue, the Department of Natural Resources, and the Department of Environmental Quality have not determined whether the exemption applies to saltwater carriers.

Senate

Dual Referral Rules

House

13.5.1 >= \$500,000 Annual Fiscal Cost

6.8(F) >= \$500,000 Annual Fiscal Cost

13.5.2 >= \$500,000 Annual Tax or Fee Change

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

Gregory V. Albrecht
Gregory V. Albrecht
Chief Economist