



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 109** SLS 14RS 555
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: March 12, 2014 3:48 PM	Author: ADLEY
Dept./Agy.: Transportation	
Subject: Dedication of Vehicle Sales Tax To TTF and TMF	Analyst: Greg Albrecht

FISCAL CONTROLS OR -\$375,500,000 GF RV See Note Page 1 of 1

Removes authority to reduce deposits to Transportation Trust Fund and Transportation Mobility Fund in certain circumstances. (gov sig)

Current law provides a scheduled phase-in of motor vehicle sales tax collections to the Transportation Trust Fund (TTF, 93%) and to the Transportation Mobility Fund (TMF, 7%). This phase-in was to have begun in FY2008-2009 and been completed in FY2014-2015, at which point 100% of of collections would be dedicated. However, current law also provides for the phase-in to be effectively conditioned upon the official revenue forecast exceeding the forecast for FY2008-2009 that was adopted on May 9, 2008 (or \$9.703 billion state general fund direct forecast). No official forecasts have yet exceeded that level, and the dedication of the sales tax has not yet been implemented.

Proposed law repeals the condition for implementing the phase-in. This would activate the dedication upon the governor’s signature of the bill. If signed prior to July 1, 2014, 85% of the FY14 collections would presumably be dedicated at the end of the current fiscal year (FY14) and 100% wold be dedicated in FY15 and each year thereafter. If signed after July 1, 2014, 100% would be dedicated in FY15 and each year thereafter, but no FY14 dedication would occur. Governor's signature.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
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	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	(\$375,500,000)	(\$382,300,000)	(\$388,700,000)	(\$402,800,000)	(\$417,300,000)	(\$1,966,600,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$375,500,000	\$382,300,000	\$388,700,000	\$402,800,000	\$417,300,000	\$1,966,600,000
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

The phase-in schedule in current law provides that in FY15 100% of motor vehicle sales tax collections are to be dedicated to the Transportation Trust Fund (TTF, 93%) and the Transportation Mobility Fund (TMF, 7%). The current official forecast of vehicle sales tax is \$380.1 million in FY15, increasing to \$407.7 million by FY18. Approximately 1.2% of the vehicle sales tax is already dedicated to the Tourism Promotion District and to economic development programs, and these dedications are assumed to be unaffected by this bill. Thus, the amount dedicated in FY15 is estimated at \$375.5 million. This same share (98.8%) is applied to the official forecast of vehicle sales tax throughout the forecast horizon to estimate the amount of vehicles sales tax dedicated to TTF & TMF combined each year in the table above. Of these combined dedicated amounts, each year the TTF would receive 93% and the TMF 7%: \$349.2 million and \$26.3 million in FY15, respectively. A similar 93% /7% allocation would be made in each year.

A like amount of revenue is foregone by the state general fund each year as the dedication diverts resources into the TTF & TMF.

If the bill becomes effective within FY14, a dedication of 85% of the FY14 vehicle sales tax would occur late in the current fiscal year. Based on the official forecast for FY14 of \$366.1 million, \$307.5 million would be the combined dedication in FY14. The TTF & TMF split would be \$285.9 million to the TTF and \$21.6 million to the TMF. A like amount of the combined dedication would be foregone by the state general fund.

Senate

Dual Referral Rules

House

☒ 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

☒ 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

☐ 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}

☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

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

John D. Carpenter
Legislative Fiscal Officer