



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: **HCR 75** HLS 08RS 2661
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 25, 2008 2:39 PM	Author: TEMPLET
Dept./Agy.: Revenue	Analyst: Greg Albrecht
Subject: Suspend Motor Fuels Taxes For Certain Period	

TAX/GASOLINE TAX OR -\$5,000,000 SD RV See Note Page 1 of 1
 Suspends the gasoline and special fuels taxes for a period of time

Suspends the state 16¢ per gallon tax on road use motor fuel for a three day period, July 4 - July 6, 2008.

The resolution appears to mistakenly refer to R.S. 47:801 (special fuels definitions) rather than R.S. 47:802 (16¢/gallon levy on special fuels). Consistent with the text of the resolution, the fiscal note assumes that the resolution intends to suspend the taxation of both gasoline and special fuels.

EXPENDITURES	2008-09	2009-10	2010-11	2011-12	2012-13	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	2008-09	2009-10	2010-11	2011-12	2012-13	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	(\$5,000,000)	\$0	\$0	\$0	\$0	(\$5,000,000)
Federal Funds	DECREASE	\$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	(\$5,000,000)	\$0	\$0	\$0	\$0	(\$5,000,000)

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

During FY06 and FY07, the month of July represented 8% of the total fuels tax collections those years. Applying that share to the current (2/10/2008) official forecast of fuels tax collections for FY09, and using 3-days of the month's 31-days, generates a revenue loss of some \$5 million. These are revenues that will be lost to the Transportation Trust Fund (TTF).

To the extent Transportation Trust Fund resources are matched with federal funds, the loss of these state fuels tax revenues may result in a larger loss of resources to the Trust Fund and the state's highway construction program. This potential additional resource loss is depicted as federal funds in the table above, although federal highway support is also budgeted through the TTF.

In addition, the Department of Revenue points out that suspensions of the fuels tax may compromise the state's participation in the international fuel tax agreement, whereby states cooperate to collect fuels taxes for each other from interstate truckers. The implications for that agreement of this tax suspension have not been fully considered by the Department.

Since the resolution discusses the effects of fuel prices on consumers and the need to provide relief to citizens it should be noted that fuels taxes are collected by the state at the terminal rack and not at the retail pump. Fuel producers/suppliers will directly experience the tax reduction provided by this suspension, but retail consumers will experience relief from this tax only to the extent this tax savings is passed onto the pump price.

The tax-at-the-rack structure of the tax suggests another complication of identifying fuel purchases across many retail sales outlets to three specific days during the month. Assuming a reasonable mechanism to accomplish the intent of the resolution can be constructed, the table above estimates the state tax revenue loss only as the average daily remittances for the month of July. The 4th of July weekend targeted by the resolution probably experiences larger than average daily fuel purchases by consumers. Thus, the actual revenue loss would likely be larger than contained in the table above.

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

H. Gordon Monk

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Legislative Fiscal Officer