

**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**



Fiscal Note On: **HB 514** HLS 21RS 586  
 Bill Text Version: **REENGROSSED**  
 Opp. Chamb. Action: **W/ SEN FLOOR AMD**  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 8, 2021	11:32 AM	<b>Author:</b> MAGEE
<b>Dept./Agy.:</b> Motor Vehicles/Treasury/Revenue		<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Motor Vehicle Sales Tax: TTF Dedication		

TAX/SALES & USE REF -\$369,000,000 GF RV See Note Page 1 of 1

Levies a state tax on raw or crude marijuana recommended for therapeutic use and provides for the disposition of the collections of the tax  
Proposed law dedicates an increasing portion of motor vehicle sales tax collections, beginning in FY23, to the Construction Subfund (CSF) of the Transportation Trust Fund. Proposed law additionally specifies allowable uses for CSF funds dedicated under proposed law's provisions.

LFO assumes an effective date of August 1, 2021.

<b>EXPENDITURES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	(\$123,000,000)	(\$246,000,000)	(\$369,000,000)	(\$332,000,000)	<b>(\$1,070,000,000)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$123,000,000	\$246,000,000	\$369,000,000	\$332,000,000	<b>\$1,070,000,000</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

LDR anticipates a minor upfront cost to administer the phasing in of a new partial dedication. LFO assumes these efforts will be primarily made prior to FY23. The bill also specifies various specific projects to receive the funding provided by the bill's diversion of general fund tax receipts to the CSF.

**REVENUE EXPLANATION**

Proposed law phases in a partial dedication of the avails of state sales and use taxes on motor vehicles to the CSF, beginning in FY23. Proposed law dedicates 25% of the avails in FY23, 50% of the avails in FY24, and 75% of the avails in FY25 and in all years following.

The anticipated revenue impact is a reduction in state general fund revenues beginning in FY23, matched by an increase in dedicated revenues of approximately equal magnitude. Although the table above reflects strictly a reduction of general fund revenues and an increase of dedicated revenues, a small portion (less than 1% of the total) of the collections will be diverted from the LED Marketing Fund and the Tourism Promotion District Fund into the CSF.

The estimated magnitude of this diversion of general fund revenues is approximately \$123 million in FY23, \$246 million in FY24, and \$369 million in FY25, then \$332 million in FY26 and beyond as the 0.45% levy is currently scheduled to expire after FY25.

Senate      Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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