

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 778** HLS 14RS 971

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> March 13, 2014 8:50 AM	<b>Author:</b> ST. GERMAIN
<b>Dept./Agy.:</b> Transportation	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Dedication of Vehicle Sales Tax To TTF and TMF	

FUNDS/FUNDING OR -\$37,600,000 GF RV See Note Page 1 of 1

Changes restrictions on the deposit of sales tax revenues related to motor vehicles into the Transportation Trust Fund and Transportation Mobility Fund

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, and establishes a new phase-in schedule beginning in FY15 at 10%, FY16 at 20%, FY17 at 30%, FY18 at 50%, FY19 and thereafter at 100%.

Effective July 1, 2014.

<b>EXPENDITURES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$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>\$0</b>

<b>REVENUES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	(\$37,600,000)	(\$76,500,000)	(\$116,600,000)	(\$201,400,000)	(\$417,300,000)	<b>(\$849,400,000)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$37,600,000	\$76,500,000	\$116,600,000	\$201,400,000	\$417,300,000	<b>\$849,400,000</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**

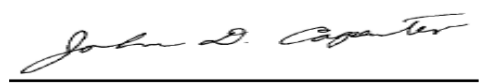
There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

The phase-in schedule provided in the bill provides that in FY15 10% 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 \$37.6 million. This same share (98.8%) is applied to the official forecast of vehicle sales tax throughout the forecast horizon, along with the phase-in schedule in the bill, 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%: \$34.9 million and \$2.7 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.

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|--|----------------------------|-------|--|
| Senate   | <u>Dual Referral Rules</u> | House | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}         |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} |                            |       | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}                  |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}      |                            |       | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

  
**John D. Carpenter**  
**Legislative Fiscal Officer**