

PREPARED BY: Mike Lovelace
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 PHONE: 471-0050

LB 421

Revision: 01

Updated for the 2010 Session.

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES * | | | | |
|--|--------------|-------------|--------------|-------------|
| | FY 2010-11 | | FY 2011-12 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | | | | |
| CASH FUNDS | | (See below) | | (See below) |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | | | | |

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 421 would suspend the collection of motor fuel taxes on compressed natural gas until January 1, 2015.

The Department of Roads estimates the annual revenue loss to the Highway Trust Fund to be \$14,300 based on a 26¢ fuel tax and consumption of 55,000 gallons per year.

The Department of Revenue has provided an alternative estimate that anticipates the increased use of compressed natural gas as a vehicle fuel due to the availability of federal ARRA funds to retrofit new CNG vehicles. They estimate a revenue loss to the Highway Trust Fund of \$54,700 in FY10-11, \$93,100 in FY11-12, and \$98,400 in FY12-13.

An examination of compressed natural gas consumption as a vehicle fuel shows the following: In 2006 consumption was 58,026 gallons, in 2007 consumption was 45,580 gallons, and in 2008 consumption was 49,320 gallons. For 2009, consumption for the period of January through June (6 months) was 22,814 gallons. The consumption figures available for 2009 do not show evidence of an increase above the normal consumption pattern as of yet. That's not to say that the growth estimated by the Department of Revenue could not occur. Therefore, the estimated annual revenue loss to the Highway Trust Fund will be approximately \$14,300 if current consumption patterns continue, but could be significantly higher if the Department of Revenue is correct in their forecast of additional CNG vehicles due to the availability of ARRA federal funding.

Any loss of revenue will be shared in the following approximate percentages: 78% for the Department of Roads, 11% for cities, and 11% for counties.