

PREPARED BY: Mike Lovelace  
 DATE PREPARED: February 04, 2011  
 PHONE: 471-0050

**LB 504**

Revision: 00

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

| <b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b> |                   |            |                   |            |
|---|-------------------|------------|-------------------|------------|
|   | <b>FY 2011-12</b> |            | <b>FY 2012-13</b> |            |
|   | EXPENDITURES      | REVENUE    | EXPENDITURES      | REVENUE    |
| GENERAL FUNDS                                       |                   |            |                   |            |
| CASH FUNDS  |                   | 30,743,000 |                   | 76,989,000 |
| FEDERAL FUNDS                                       |                   |            |                   |            |
| OTHER FUNDS   |                   |            |                   |            |
| TOTAL FUNDS   |                   | 30,743,000 |                   | 76,989,000 |

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

LB 504 increases the fixed portions of the fuel tax by a total of 5¢ on October 1, 2011 and by another 5¢ on October 1, 2012. This tax increase will be shared by the Department of Roads and cities and counties as follows.

Department of Roads – Revenue Impact

The current fixed fuel tax for the Department of Roads is 7.5¢. Under the provisions of LB504 this tax will increase to 11.3¢ on October 1, 2011, and then on October 1, 2012 increase to 15.1¢.

The estimated increase in revenue for the Department of Roads (Highway Cash Fund) is \$30,743,000 in FY11-12 and \$76,989,000 in FY12-13. This is the average of the revenue estimates provided by the Department of Roads and the Department of Revenue. The Department of Revenue provided revenue estimates for the following biennium of \$78,059,000 in FY13-14 and \$78,229,000 in FY14-15.

The Highway Cash Fund appropriation will need to be increased to allow the Department to spend this additional revenue. If the Highway Cash Fund appropriation is not increased the additional revenue will serve to decrease the variable fuel tax rate.

Cities and Counties – Revenue Impact

The current fixed fuel tax that is shared by the cities and counties is 2.8¢. Under the provisions of LB504 this tax will increase to 4.0¢ on October 1, 2011, and then on October 1, 2012 increase to 5.2¢.

The estimated increase in revenue for the cities and counties to share is \$9,817,000 in FY11-12, \$24,625,000 in FY12-13, \$24,650,000 in FY13-14 and \$24,704,000 in FY14-15. These revenue estimates were provided by the Department of Revenue.

Combined Revenue Impact

The combined revenue increase for the Department of Roads, cities and counties is \$40,560,000 in FY11-12, \$101,614,000 in FY12-13, \$102,709,000 in FY13-14 and \$102,933,000 in FY14-15 using estimates provided by the Department of Roads and the Department of Revenue.

DEPARTMENT OF ADMINISTRATIVE SERVICES

|  |             |        |                |
|--|-------------|--------|----------------|
| REVIEWED BY  | David Spatz | 2/7/11 | PHONE 471-4179 |
| COMMENTS   |             |        |                |
| No basis to dispute agency analysis relative to Department of Revenue.                               |             |        |                |
| Concur with Department of Roads' analysis and estimate of increased cash fund revenue fiscal impact. |             |        |                |



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FISCAL NOTE LB504
Department of Roads

LEGISLATIVE FISCAL

Table with 2 columns: Field (Prepared By, Date Prepared, Prepared Phone) and Value (Hayes, Marilyn, 1/21/2011, 402-479-4692)

Estimate Provided By State Agency or Political Subdivision

Table with columns for FY 2011-2012 (Expenditures, Revenue) and FY 2012-2013 (Expenditures, Revenue). Rows include General Funds, Cash Funds, Federal Funds, Other Funds, and Total Funds.

Explanation of Estimate:

LB 504 would increase the motor fuel tax rate by 5 cents effective October 1, 2011 and an additional 5 cent increase on October 1, 2012. The 5 cents would be divided, 3.8 cents to the Department of Roads and 1.2 cents to be shared equally by the cities and counties.

Fiscal Impact is:

1.2 Billion Gallons of motor fuel

Table showing revenue breakdown by month (Nov-June, July-Oct) for FY-12 and FY-13, including total additional revenue for NDOR.

NOTE: If the intent of this legislation is to make additional funds available for highway construction, this would require an increase in the Highway Cash Fund Appropriation by the same amount of funds.

Major Objects of Expenditure

Table with columns for Position Title, Number of Positions (FY 2011-2012, FY 2012-2013), and Expenditures (FY 2011-2012, FY 2012-2013). Rows include Benefits, Operating, Travel, Capital outlay, Aid, Capital improvements, and Total.