

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	40,000,000 to 45,000,000	See below	60,000,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		40,000,000 to 45,000,000		60,000,000

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

LB 796 would increase the fuel tax by 5¢ and dedicate the revenue to completing the expressway system. The operative date is October 1, 2010 and the tax would terminate on the first day of the tax period immediately following completion of the state expressway system. The “expressway system” is defined in the bill.

The 5¢ tax would generate approximately \$60 million on an annual basis. Revenue in FY10-11 would be approximately \$40 million to \$45 million due to the October 1 operative date. The Department of Revenue has estimated a one-time cost of \$2,700 cash funds for computer programming in FY10-11.

The timing of the expenditure of the additional revenue will depend on when preliminary work such as design, environmental studies and right-of-way purchases are completed, which in turn will affect when construction occurs. For this reason it is not possible to assign an expenditure estimate by year. The Department of Roads was asked to provide a ballpark estimate of the cost of completing the expressway system as defined in the bill and indicated it could reach \$918 million in 2009 dollars. Based on this estimate the 5¢ tax will need to be in place for at least 15 years; longer when inflation is factored in.

State agencies and political subdivisions that purchase fuel will have an increase in their expenditures if it is assumed that the 5¢ tax increase will be passed on to the consumer. A fiscal note from the Transportation Services Bureau (DAS) estimates an increase in expenditures of \$37,600 annually based on the purchase of 752,000 gallons. The impact on other agencies and political subdivisions will depend on their fuel purchases.