

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7498

BILL NUMBER: HB 1442

NOTE PREPARED: Jan 7, 2005

BILL AMENDED:

SUBJECT: County Option Gasoline Tax.

FIRST AUTHOR: Rep. Brown T

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows a county to adopt a County Gasoline Tax at a rate of four cents, five cents, six cents, seven cents, or eight cents per gallon of gasoline sold in the county. It provides for the administration and collection of the County Gasoline Tax. The bill requires the tax revenues to be allocated among the county and the cities and towns located in the county. It provides that the revenue realized from the County Gasoline Tax is additional revenue available for road maintenance and construction. The bill provides that the Department of Local Government Finance (DLGF) may not reduce a unit's maximum permissible levy because of the additional revenue.

Effective Date: July 1, 2005.

Explanation of State Expenditures: There will be administrative expenditures for the Department of State Revenue to comply with the provisions of this bill. The amount of these expenditures is not known. The fund affected is the state General Fund.

Explanation of State Revenues:

Explanation of Local Expenditures: There will be administrative expenditures for those counties establishing a County Gasoline Tax.

Explanation of Local Revenues: The bill permits counties that do not impose the County Motor Vehicle Excise Surtax and the County Wheel Tax to establish a County Gasoline Tax. The specific impact will depend upon the number of counties establishing a County Gasoline Tax and the rate established. [Note: The estimated impact of a \$0.01 per gallon rate for each individual county is available from the Office of Fiscal and

Management Analysis.]

In CY 2004, there were 35 counties that had imposed the Excise Surtax and Wheel Tax, leaving 57 counties that would have the option of imposing a Gasoline Tax. Current law allows those counties which have imposed the Excise Surtax and Wheel Tax to rescind those taxes. These counties then could impose the County Gasoline Tax if they follow prescribed procedures.

Revenue from the County Gasoline Tax collected by the Department of State Revenue is to be distributed to the counties and deposited into the County Gasoline Fund. Money in the fund is to be allocated monthly by the county auditor as follows:

(1) In a county having a population of more than 50,000, 60% of the money is to be distributed on the basis of the population of the city or town as a percentage of the total population of the county and 40% is to be distributed on the basis of the ratio of city and town street mileage to county road mileage.

(2) In a county having a population of 50,000 or less, 20% of the money is to be distributed on the basis of the population of the city or town as a percentage of the total population of the county and 80% is to be distributed on the basis of the ratio of city and town street mileage to county road mileage.

Revenue from the County Gasoline Tax may be used for the following purposes:

(1) Paying debt service or lease rentals on:

(A) bonds;

(B) leases;

(C) obligations; or

(D) any other evidence of indebtedness of the unit incurred to finance a road construction project.

(2) Paying the costs of any road construction project.

(3) As operating revenue for the maintenance of the unit's roads.

The DLGF may not reduce a unit's property tax levy by the amount of revenue received from a County Gasoline Tax.

State Agencies Affected: Department of State Revenue; Department of Local Government Finance.

Local Agencies Affected: Counties which establish the County Motor Fuel Tax.

Information Sources: Dr. Larry DeBoer; population and sales census data; vehicle registration data.