

# FISCAL NOTE

S.B. 60 2nd Sub. (Salmon)

SHORT TITLE: Fuel Excise Tax Amendments

SPONSOR: Valentine, J. (Anderson, Johnny Sub.)

2014 GENERAL SESSION

## STATE GOVERNMENT (UCA 36-12-13(2)(b))

Beginning in FY 2018, enactment of this bill may increase revenue to the Transportation Fund if the three year average rack price is above the \$2.84 base. An increase in the rack price from \$2.84 to \$3.84 equates to \$39 million in increased motor fuel tax revenue and \$18 million in special fuel tax revenue, 70% of which would be available for state construction projects. Because the tax rate per gallon is reduced to \$0.14 per gallon and the tax rate per rack price is repealed in FY 2022, the bill may reduce revenue to the Transportation Fund by around \$175 million annually after FY 2021.

## LOCAL GOVERNMENTS (UCA 36-12-13(2)(c))

In FY 2018 through FY 2021, should the rack price per gallon of gasoline increase beyond \$2.84, local governments may see an increase in B&C road funding. An increase in the rack price from \$2.84 to \$3.84 equates to a B&C road funding increase of \$12 million from motor fuel tax and \$5 million from special fuel tax. Beyond FY 2021, the bill may reduce B&C road funding by \$53 million annually.

## DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES (UCA 36-12-13(2)(d))

Beginning in FY 2018, individuals and businesses may see a tax increase if the rack price per gallon rises above \$2.84. An increase in the rack price per gallon from \$2.84 to \$3.84 equates to a tax increase of \$18 per year for an individual driving 12,000 miles per year with a car that gets 25 miles per gallon. Because the tax rate per gallon is reduced to \$0.14 per gallon and the tax rate per rack price is repealed in FY 2022, the bill may reduce the overall tax burden by \$175 million annually after FY 2021.

## PERFORMANCE NOTE (JR 4-2-404): Not Required