

# FISCAL NOTE

S.B. 60 3rd Sub. (Ivory)

SHORT TITLE: Fuel Excise Tax Amendments

SPONSOR: Valentine, J. (Nielson, J. 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 by \$41 million at a three year average rack price of \$2.84. 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. In FY 2022, the bill has the fuel tax rate per gallon at \$0.20 and eliminates the tax at the rack, which may reduce revenue to the Transportation Fund by \$75 million annually after FY 2021.

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

Beginning in FY 2018, enactment of this bill may increase B&C road funding by 30% of the total revenue increase to the Transportation Fund, or about \$12 million assuming a three year average rack price of \$2.84. An increase in the rack price from \$2.84 to \$3.84 equates to around \$17 million in increased B&C road funding. When the tax structure changes in FY 2022, the bill may reduce B&C road funding by around \$23 million after FY 2021.

## 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 of \$41 million due to the tax change per gallon component. If the rack price per gallon increases from \$2.84 to \$3.84, the bill imposes an additional tax increase of \$18 per year for an individual driving 12,000 miles per year with a car that gets 25 miles per gallon. When the tax structure changes in FY 2022, the bill may reduce individuals' and businesses' tax liability by \$75 in total after FY 2021.

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