

NOTE: As provided in LFC policy, this report is intended for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.

FISCAL IMPACT REPORT

SPONSOR Whitaker DATE TYPED 2/13/98 HB 432/aHTRC
SHORT TITLE Off-Road Gas Use Deduction SB _____
ANALYST Taylor

REVENUE

<u>Estimated Revenue</u>	<u>Subsequent</u>	<u>Recurring</u>	<u>Fund</u>	
<u>FY98</u>	<u>Years Impact</u>	<u>or Non-Rec</u>	<u>Affected</u>	
\$ <u>NA</u>	\$ <u>(SMALL)</u>	\$ <u>(SMALL)</u>	<u>RECURRING</u>	<u>STATE G.F.</u>
\$ <u>NA</u>	\$ <u>SMALL</u>	\$ <u>SMALL</u>	<u>RECURRING</u>	<u>LOCAL G.F.'s</u>

(Parenthesis () Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to None.

SOURCES OF INFORMATION

Taxation and Revenue Department

SUMMARY

Synopsis of HTRC Amendments

The HTRC amendments make two technical changes to the original bill. The first amendment makes clear that the proposed deduction for dyed gasoline does not apply to fuel for motorboats. The second amendment allows the Taxation and Revenue Department to create permits for the purchase of gasoline used in the operation of a clothes cleaning establishment, in stove or other appliances burning gasoline or operators using aviation gasoline exclusively in the operation of aircraft. The department is also given the authority to prescribe the method for applying for the permits. The proposed changes do not alter the original fiscal analysis.

Synopsis of Bill

.House Bill 432 provides a new deduction to the gasoline tax for gasoline used for off-road purposes other than motor boats. Such gasoline would be subject to the dying requirements of the Taxation and Revenue Department.

Current requirements that purchasers of dyed gasoline show off-road use permits are repealed. However, current holders of such permits are provided a transition period during which they are allowed to continue using the permits. The transition period ends up on the effective date of the bill, July 1, 1998. The bill also allow for exceptions to the ending of permit. In particular, a permit to

purchase undyed gasoline is added for persons using gasoline in the operation of clothes cleaning establishment or the operation of aircraft using aviation gasoline exclusively.

FISCAL IMPLICATIONS

TRD reports that the fiscal impacts of the bill are minor. Local governments might expect to see an additional \$68.0 or less due to the imposition of gross receipts taxes on the sale of off-road gasoline. The state general fund would suffer a small, less than \$44, loss due to the sale of dyed gasoline in municipalities because such gasoline is currently subject to the compensating tax imposed at a rate of 5% and would not be subject to the gross receipts tax rate which is effectively 3.275 percent within municipal boundaries.

TRD also reports that there could be an unpredictable negative fiscal impact on the state road fund due to illegal use of dyed fuel in vehicles on the highways.

ADMINISTRATIVE IMPLICATIONS

TRD reports that the bill could have a negative compliance effect, but also could be more efficient to administer. See TRD FIR for details.

TECHNICAL ISSUES

See TRD FIR.

WST/gm