

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 8182

BILL NUMBER: HB 1789

DATE PREPARED: Feb 11, 1999

BILL AMENDED: Feb 10, 1999

SUBJECT: Motor carrier fuel taxes.

FISCAL ANALYST: James Sperlik

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill provides that a motor carrier is entitled to a credit against the motor carrier fuel tax for motor fuel used to propel equipment mounted on a motor vehicle that has a common reservoir for locomotion and for the operation of the equipment. It provides that the credit applies to motor fuel used to propel the equipment within Indiana and outside Indiana. The bill requires a motor carrier to obtain certification from the Department of State Revenue before the motor carrier may claim the credit. It requires a motor carrier to file a claim for the credit with the motor carrier's quarterly return. The bill provides that the Department of State Revenue may approve only \$3,500,000 of credits in a state fiscal year.

Effective Date: July 1, 1999.

Explanation of State Expenditures: The expansion of the Motor Carrier Fuel Tax exemption for motor fuel use likely will result in additional claims being filed with the Department of Revenue. It is possible that additional employees would need to be hired to handle the anticipated increase in claims filed. The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. As of December 31, 1998, the Department of Revenue had 213 vacancies on its Manning Table. These positions are budgeted. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions. The fund affected is the Motor Carrier Regulation Fund.

Explanation of State Revenues: (Revised) In 1997, the Department of Revenue processed 3,700 proportional use refund claims totaling \$3,445,163. The average refund claim was \$931. Expansion of the motor carrier fuel exemption for motor fuel use likely will increase the number of claims filed, however, this bill limits the proportional use refunds to an aggregate amount of \$3,500,000 in any one state fiscal year. The

funds affected from which the refunds are paid are the Motor Vehicle Highway Account and the Motor Carrier Regulation Fund.

In addition, the bill provides that the Department of Revenue may issue a certificate of exemption upon payment by the carrier of a one-time fee of \$7. There are approximately 80,000 carriers in the State. It is not known how many of these carriers would secure a certificate of exemption. The potential revenue would range from \$0 to \$560,000. The fund affected is the Motor Carrier Regulation Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Revenue.

Local Agencies Affected:

Information Sources: Pam Arbuckle, Administrator Fuel and Environmental Division of the Department of Revenue, 232-1862.