

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

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7161

BILL NUMBER: HB 1268

DATE PREPARED: Feb 10, 2000

BILL AMENDED: Jan 25, 2000

SUBJECT: Tax exemptions for fuel efficient vehicles.

FISCAL ANALYST: Jim Mundt

PHONE NUMBER: 232-9858

FUNDS AFFECTED: **GENERAL**
 DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill exempts from the state Sales Tax any passenger motor vehicles and trucks that have a city fuel economy level of at least 70 miles per gallon (mpg). It provides that the exemption expires July 1, 2002.

Effective Date: July 1, 2000.

Explanation of State Expenditures:

Explanation of State Revenues: To qualify for the Sales Tax exemption described in this proposal, the vehicle must have a city fuel economy level of at least seventy (70) mpg. There are no vehicles listed in the 2000 Fuel Economy Guide that meet this requirement. The vehicle with the highest level is the 2000 Honda Insight with a city fuel economy value of 61 mpg.

Currently, no other vehicles have a city fuel economy level close to seventy (70) mpg. The next highest is a Chevrolet Metro at 39 mpg. Should vehicles meet this requirement in the future, their sale would qualify for this proposed exemption and there would be a loss of Sales Tax revenue, calculated at the rate of 5% of the selling price.

Gross Retail (Sales) and Use taxes are deposited in the State General Fund (59.03%), the Property Tax Replacement Fund (40%), the Public Mass Transportation Fund (0.76%), the Industrial Rail Service Loan Fund (0.04%), and the Commuter Rail Service Fund (0.17%).

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Department of State Revenue.

Local Agencies Affected:

Information Sources: 2000 Fuel Economy Guide, United State Department of Energy.