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FISCAL IMPACT STATEMENT

LS 7093
BILL NUMBER: SB 270

NOTE PREPARED: Feb 20, 2007
BILL AMENDED: Feb 19, 2007

SUBJECT: Flexible Fuel Vehicle Incentives.

FIRST AUTHOR: Sen. Heinold
FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides a monthly incentive payment to political subdivisions if 75% of the fuel used in the political subdivision's E85 compatible motor vehicles is E85.

Effective Date: January 1, 2008.

Explanation of State Expenditures: The State Auditor's Office will have increased administrative expenses associated with implementing this provision.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: This bill provides a monthly incentive payment to political subdivisions of \$33.33 per motor vehicle if 75% of the fuel used in the political subdivision's E 85 motor vehicles is E85.

The Bureau of Motor Vehicles reports that there are 75,414 vehicle statewide registered as city police, sheriff, or municipally owned vehicles. It is unknown how many of these vehicles are E 85 compatible or how many political subdivisions may qualify for this incentive payment. For every one percent of qualified vehicles, (e.g., 750 E 85 vehicles), Local Road and Street Fund revenues in the amount of \$25,000 monthly would be shifted from those units who do not qualify to those units who meet the qualification with qualified E 85 vehicles and fuel usage.

Background Information: E85 is the term for motor fuel blends of up to 85% ethanol and 15% gasoline. E85 is an alternative fuel as defined by the U.S. Department of Energy, and the ethanol component is made from

corn. The Local Road & Street Fund supports local units of government.

State Agencies Affected: State Auditor.

Local Agencies Affected: Local units; Recipients of Local Road and Street distributions.

Information Sources: Bureau of Motor Vehicles.

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