

# WYOMING TAXPAYERS ASSOCIATION

## ACTION ALERT

### 2012 TRANSPORTATION BILLS – SUMMARY OF FUNDING



There are a number of bills proposed this session to increase funding and provide a more reliable and predictable form of revenues for transportation. Based on data provided to the Joint Transportation Committee, the state may gain approximately \$46M in additional revenue (\$92M for the biennium) from three main sources:

- 1) Fines and penalties;
- 2) The state's share of sales tax revenue from off-road diesel sales;
- 3) The increase in vehicle registrations.

This, in addition to the WYDOT standing budget of \$25M (\$50M for the biennium), the increase would yield approximately \$71M per year (\$142M for the 2013-2014 biennium). WYDOT maintains that it needs an additional \$63M in annual funding under its current highway upkeep plan (\$126M for the biennium) even with the proposed increases illustrated here. The bills are outlined below:

#### **HIGHWAY FUND – ASSIGNMENT OF FINES AND PENALTY REVENUES**

This legislation proposes a constitutional amendment which would reassign general fine and penalty revenues from the public schools to WYDOT for the construction, improvement or maintenance of Wyoming's highways. School districts will not see a decrease in funding as a result. Currently, revenues from fines and penalties are distributed to county treasurers for deposit into the county school fund. These funds are then distributed to each school district. The revenues are deducted from the education resource block grant guarantee amount to determine the district's state entitlement or the amount to be recaptured. The fiscal impact under this proposal would be an increased cost to the state school foundation program account and would not result in any direct loss to school districts. The cost to the state would result from an increase in entitlement payments to school districts as well as a loss of revenue from recapture school districts. \$14M annually (\$28M for the biennium)

#### **ALLOCATION OF SALES TAX PAID ON DIESEL FUEL TO HIGHWAYS**

This bill allocates sales tax revenue that is currently collected on off-road (dyed) diesel fuel purchases to the general fund and moves it to the highway fund. Railroad and agricultural businesses will remain exempt. The fund may only be used for Wyoming road construction, improvements and maintenance. Fiscal impact is \$23.9M in FY 2014 and 2015.

#### **STATE VEHICLE REGISTRATION FEE**

Sponsored by the Joint Transportation Committee. Increases the state fee charged on private use vehicle registrations by \$7.50. The fiscal impact to the highway fund is a \$6.7M per year benefit. Will vary from year to year based on the number of vehicles registered.

#### **ETHANOL TAX CREDIT**

This idea was originally discussed in the Joint Transportation Committee to transfer the credit from local funding to just general funding; however, the current bill takes the credit away entirely. The current structure reduces funding to state and local roads through reductions in fuel taxes. The credit is a 40 cent tax credit per gallon of ethanol for qualified ethanol producers. No more than \$4 million of ethanol tax credits can be given in Wyoming per year. Currently there is only one producer of ethanol in the state (currently qualifies for \$3.2M in credits). The impact of this action would send 57.5% of the recaptured revenue to WYDOT and the remainder to local governments for roads. Fiscal impact is an additional \$240,000 to cities and towns, \$440,000 for counties and \$920,000 for the highway fund for 2013. Double those numbers for FY 2014 and 2015.