

Repeal sales tax exemption for motor vehicle fuel

Description This proposal would repeal the sales tax exemption for motor vehicle fuel.

Current Law Fuel that is subject to the state and federal motor vehicle fuel tax or special fuel tax (gasoline, diesel, propane, etc. used on public roads) is exempt from retail sales and use tax.

- The state motor vehicle fuel tax rate is 37.5 cents per gallon.
- The federal motor vehicle fuel tax is 18.4 cents per gallon except that diesel fuel is taxed at 24.4 cents per gallon.

Revenue Impact General Fund Impacts (\$ millions):

# of Impacted Taxpayers	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
1,900	\$ -	\$ 459.3	\$ 459.3	\$ 522.2	\$ 539.9	\$ 1,062.1

Notes:

- *Estimates assume a July 1, 2016 effective date, representing 11 months of collections for FY 2017.*
- *Estimates reflect the November 2015 Economic & Revenue Forecast Council revenue forecast.*

Expenditure Impact

FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
\$ 16,200	\$ -	\$ 16,200	\$ -	\$ -	\$ -

Note:

FY 2016 costs represent initial implementation costs and may include items such as system changes, tax return modifications, and taxpayer education.