

(Return in triplicate) FISCAL NOTE

Bill/Resolution No.: HB 1261 Amendment to: _____

Requested by: Legislative Council Date of Receipt: _____

Please estimate the fiscal impact of the above measure for:

State general or special funds Counties Cities

In the following space note the fiscal effect in dollars of this measure:

Narrative:

It is difficult to determine the fiscal impact from this change in labeling requirements for gasoline dispensing units (gas pumps). The elimination of these labeling requirements no doubt will increase the sale of alcohol blended gasoline.

Based on revenue projections made for the 1989-91 biennium for every one percent increase in the market share of alcohol blended gasoline sold, there will be a revenue loss of approximately \$265,000 to the highway distribution fund. The loss is the result of the 4¢ per gallon tax exemption allowed on alcohol gasoline.

<u>Loss to Highway Dept.</u>	<u>Loss to Counties</u>	<u>Loss to Cities</u>
\$166,950	\$60,950	\$37,100

If during the 1989-91 biennium the projected 15 percent market share for alcohol blended gasoline due to this proposed legislation were to increase by five percent, the additional revenue loss to the highway distribution fund would be approximately \$1,325,000.

<u>Loss to Highway Dept.</u>	<u>Loss to Counties</u>	<u>Loss to Cities</u>
\$834,750	\$304,750	\$185,500

State Fiscal Effect:

(Continued)

<u>1989-90</u>		<u>1990-91</u>		<u>Biennium Total</u>	
<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>
(\$33,500)	(\$471,725)	(\$33,500)	(\$471,725)	(\$67,000)	(\$943,450)

County and City Fiscal Effect:

<u>1989-90</u>		<u>1990-91</u>		<u>Biennium Total</u>	
<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>
(\$167,025)	(\$101,650)	(\$167,025)	(\$101,650)	(\$334,050)	(\$203,300)

If additional space is needed, attach a supplemental sheet.

Signed Reyne Buchholz
Reyne Buchholz
Typed Name Finance Director

Date Prepared: 1/16/89

Department ND State Highway Dept.

FISCAL NOTE

Bill/Resolution No.: HB 1261 (Continued)

This proposed legislation would provide a three cent per gallon preference for alcohol-blended gasoline when purchased on bids or by quote by a state agency, institution, or other instrumentality. The annual gasoline gallonage purchased on bids or by quotes by all state agencies, institutions or other instrumentalities is approximately 1.6 million gallons per year. If all the gasoline purchased by state agencies and institutions received the three cent per gallon preference for alcohol blended gasoline it would cost an estimated additional \$95,500 for the biennium. The extra cost to the Highway Department would be about \$28,500.

In addition, the highway distribution fund would lose about \$127,300 due to the four cent gasohol tax exemption. This would result in a loss of \$80,200 to the Highway Department, \$29,300 to the counties and \$17,800 to the cities.

The impact on the preceding page is based on a 20% market share for alcohol blended gasoline, and use of alcohol blended gasoline for all state agencies and institutions when purchased on bids.