

## STATEMENT OF PURPOSE

### RS22341

This legislation provides additional revenue, above what is currently provided, to address Idaho's critical shortfall in its need to maintain, repair and upgrade the State, City, County, and Highway District highways and bridges. This enhanced revenue is long overdue, as indicated by a number of studies conducted over the past several years, and will be used to address well-documented needs to ensure that Idaho provides a transportation system that meets the needs of our businesses and traveling public. This legislation provides additional revenue through the highway distribution account to the Idaho Transportation Department, Idaho State Police and local units of government.

The principal provisions of the legislation provides for enhanced revenue in the following manner:

1. Increases state motor fuel and diesel fuel taxes in a phased-in approach. Over a five-year period, the tax on a gallon of gasoline will be increased by 2 cents per year, while the tax on a gallon of diesel will be increased over the same period by 3 cents per year. There is also an increase in the tax on gaseous fuels.
2. Increases the transfer fee by 4 cents on the delivery and storage of gasoline and diesel, but excludes other petroleum products.
3. Increases registration fees on most cars and pickup trucks, including registration fees on other vehicles such as motorcycles, school buses, non-commercial, commercial and farm trucks less than 60,000 lbs.
4. Increases the registration fees relating to large trucks, commercial, non-commercial, and farm vehicles greater than 60,000 lbs.
5. Imposes a new fee on electric and hybrid vehicles.
6. Increases various permit fees for overweight and oversized loads.
7. Transfers the sales tax revenue from the sale of tires and other motor vehicle equipment to the highway distribution account.
8. Imposes a tax equal to the state sales tax on passenger vehicle leases and rentals of 30 days or less.

Finally, the legislation provides for a three-year pilot program to increase enforcement of the provisions of the dyed fuel program by the Idaho State Police.

### FISCAL NOTE

At the conclusion of the phased components of this legislation, the annual gross fiscal impact (before refunds or other distributions) of each of the provisions is as follows:

1. Increasing gasoline, diesel, gaseous and other motor fuels: \$102.4M
2. Increasing the transfer fee: \$44.6M

3. Registration fee increases on vehicles less than 60,000 lbs: \$50.9M
4. Registration fee increases on vehicles greater than 60,000 lbs: \$4.6M
5. Fee on electric and hybrid vehicles: \$0.7M
6. Increases on permit fees for overweight and oversized vehicles: \$5.2M
7. Transfer the sales tax collected from tire, battery and accessory dealers: \$23.4M
8. Imposing a tax on the rental and leases of passenger vehicles: \$2.0M
9. Dyed fuel enforcement pilot project: \$2.7M

Total revenue generated by this legislation is: \$236.5M

NOTE: While the dyed fuel enforcement provision in this legislation ends after three years, for the fiscal impact it is shown as if the pilot project was successful and made permanent.

General fund impact is -\$23.4M as show on item 7 above and is a transfer from the sales tax collections to the Highway Distribution Account.

Following are the estimated gross collections by year in millions for this legislation:

Year 1: \$82.9; Year 2: \$171.7; Year 3: \$192.2; Year 4: \$212.7; Year 5: \$233.1; Year 6: \$236.5

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