

# FISCAL NOTE

## SB 2023 - HB 1942

March 14, 2005

**SUMMARY OF BILL:** Exempts energy fuel purchases made by an engineering development center that is affiliated with an air force base from state and local sales tax when such energy fuel is used primarily for one or more projects performed at the engineering development center and are funded by the U.S. Department of Defense.

### ESTIMATED FISCAL IMPACT:

**Decrease State Revenues – \$1,230,000**

**Forgo Local Govt. Revenues - \$88,000**

Assumptions:

- Two taxpayers meet the criteria of this bill.
- The two taxpayers report annual fuel purchases of totaling \$17.7 million.
- 100% of fuel purchases are used primarily for one or more projects performed at the engineering development center and are funded by the U.S. Department of Defense.
- Decrease in state revenues is estimated at \$1,230,000 ( $\$17.7 \text{ million} \times 7\% \text{ state sales tax rate} = \$1,239,000$ ) per year.
- Currently, business purchases of energy fuels are exempt from local sales tax. However, beginning on July 1, 2005, these purchases will be subject to a 0.5% local sales tax rate.
- Enactment of this bill will cause local governments to forgo revenues estimated at \$88,000 ( $\$17.7 \text{ million} \times 0.5\% = \$88,500$ ) per year.

### CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

**SB 2023 - HB 1942**