

MOTOR FUELS EXCISE TAX
Refund for Fishing Launch Operations

April 17, 2001

	Yes	No
Separate Official Fiscal Note Requested		X
Fiscal Impact		
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of SF 2178 (Stumpf) / HF 2323 (Penas)

	<u>Revenue Gain or (Loss)</u>			
	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>FY2005</u>
		(000's)		
General Fund	(\$150)	(\$165)	(\$170)	(\$175)
Special Revenue Fund				
Refunds to Resort Owners	(\$150)	(\$165)	(\$170)	(\$175)
Transfer from General Fund	<u>\$150</u>	<u>\$165</u>	<u>\$170</u>	<u>\$175</u>
Special Revenue Fund Total	\$0	\$0	\$0	\$0

Effective for purchases made on or after July 1, 2001.

EXPLANATION OF THE BILL

Current Law: Gasoline and special fuel used in boats are subject to the motor fuels excise tax. Refunds of the excise tax are appropriated from the fund or account to which the money was credited. The excise tax on fuel used in motor boats goes to the water recreation account in the special revenue fund.

Proposed Law: The motor fuels excise tax on gasoline or special fuel used in a motor launch for recreational fishing as part of the operation of a resort would be refunded to the extent that the taxpayer's annual motor fuels tax exceeds \$200. The bill defines the term "resort" but does not define "motor launch". At the beginning of each fiscal year, a transfer would be made from the general fund to the water recreation account in the special revenue fund equal to the estimated refunds to be paid under this provision.

REVENUE ANALYSIS DETAIL

- The Tourism Division of the Minnesota Department of Trade and Economic Development provided a listing of 125 resorts in Minnesota offering fishing launches.
- Based on a survey of resorts, it is estimated that there are 375 launches, each consuming an average of 2500 gallons of fuel annually, for a total annual consumption of 937,500 gallons.
- The annual consumption was multiplied by the 20¢ per gallon tax rate. From this total, \$200 times 125 resorts was subtracted.
- A growth rate of 2% was used.

REVENUE ANALYSIS DETAIL (cont.)

- Based on information received from the Minnesota Department of Natural Resources, the definition of a launch is assumed to be a large motor boat with an inboard displacement hull, also considered a deep-V hull, 27-35 feet in length and commonly referred to as a lapstrake-hulled design.
- Adjustment made for FY 2002 impact to reflect 11 months of collections.

Number of Taxpayers Affected: 125 resorts using motor launches for recreational fishing services.

ADMINISTRATIVE/OPERATIONAL IMPACT:

There will be no significant administrative or operational costs or savings to DOR in administration of this bill.

Source: Minnesota Department of Revenue
Tax Research Division
<http://www.taxes.state.mn.us/polic.html#analyses>