

unincorporated areas (“UAs”). 24.1% would be divided based on the proportion of revenue-sharing road miles in cities and UUPs to revenue-sharing road miles in UAs.

The funds allocated to cities and UUPs would be paid to cities. 75% of the funds would be apportioned among them based on the ratio of the population of the city or UUP to the total population of cities and UUPs statewide. 25% would be apportioned among them based on the ratio of urban road and city street mileage in each city and UUP to the total urban road and city street mileage in cities and UUPs statewide.

The funds allocated to UAs would be paid to counties. 54.8% would be set aside for rural and secondary roads, and 45.2% would be set aside for county roads and bridges.

Ultimately, the mechanics of this bill adjust the distribution of revenue over \$825 million to be dependent on population and road miles rather than a statutorily set ratio of distribution. This way, as populations shift over time and new roads are built, distributions to local governments will follow them.

Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

This bill is to take effect on July 1, 2018, to coincide with the start of the biennial budget, but the Consensus Forecasting Group does not have a forecast extending beyond fiscal year 2017–2018. It is therefore indeterminable what the fiscal impact would be. However, total motor fuels tax receipts in fiscal year 2015–2016 were \$691 million, and forecasts for fiscal years 2016–2017 and 2017–2018 predict that total motor fuels tax receipts will remain under \$750 million. **Since the redistributing effect of this bill would not happen until receipts exceed \$825 million, there will be no fiscal impact to cities or counties until receipts grow to that number.**

The fiscal impact is expected to be minimal and positive for cities while being minimal and negative for counties. The proposed distribution of funds is dependent on population and road mileage, which will increase the amount given to cities, while decreasing the amount given to counties. The total amount of money distributed to cities and counties together remains the same.

Data Source(s): LRC Appropriations and Revenue Staff; Consensus Forecasting Group; Department of Revenue

Preparer: Amit M. Shanker **Reviewer:** KHC **Date:** 2/8/17