

# Highway State Special Restricted Revenue Account (HSRA) Gasoline Tax Increases and Working Capital Balance Impacts

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## Projected Revenue Increase per One Cent Increase

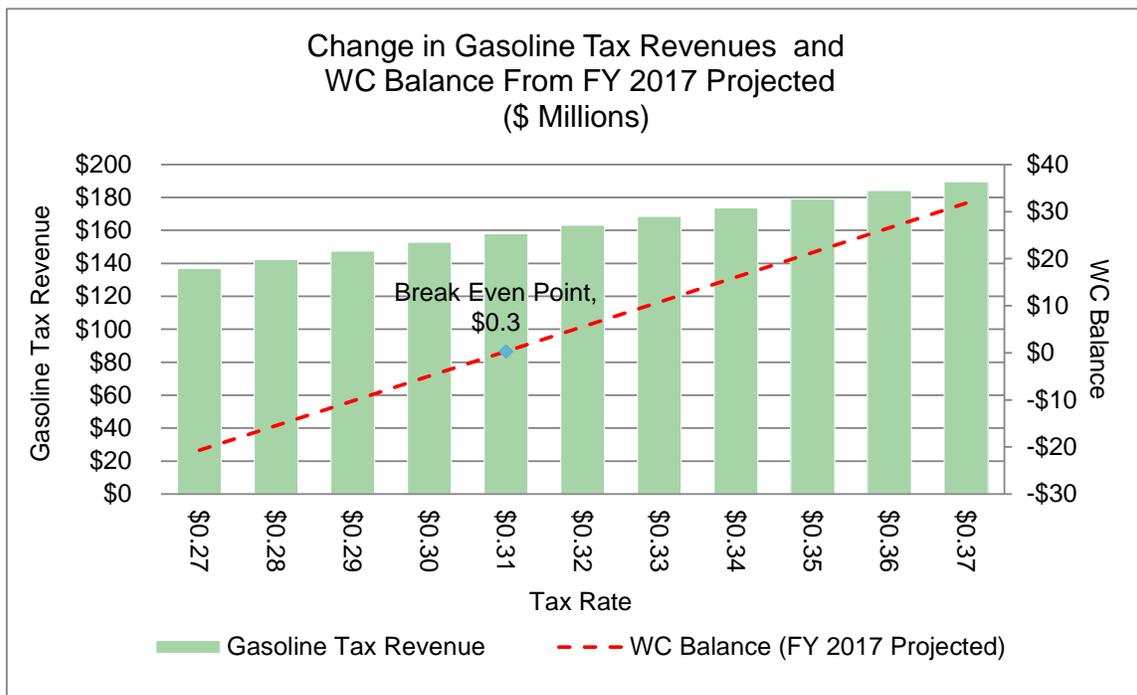
Based on the calculations of the Legislative Fiscal Division revenue staff, each one cent increase in the gasoline tax rate is estimated to generate approximately \$5.25 million annually. A key assumptions used in this estimate is that consumption of gasoline will remain constant at FY 2015 levels, or drivers will not change their consumption of gasoline. The figure below begins from the current tax rate of \$0.27 dollars/gallon and the 2017 HJ 2 projected revenues for the gasoline tax. The revenues are then increased in increments of one cent thereafter.<sup>1</sup>

## Changes in Revenue and Working Capital Balance

The figure below also charts the change in the highway state special restricted revenue account (HSRA) working capital balance (WC Balance)<sup>2</sup> with each cent of increase in the gasoline tax rate. The starting point in the figure below is the FY 2017 year end projected working capital balance. The assumptions for the HSRA working capital balance include:

- 1) Revenues are received as anticipated, and
- 2) All authority is fully expended.

At a tax level of \$0.31 cents, or a \$0.4 cent increase in the tax rate, the HSRA working capital balance would become positive under the assumptions used in this analysis.



<sup>1</sup> Gasoline tax revenue projections shown in the green bars and quantified on the left axel.

<sup>2</sup> Working capital balance is displayed by the red dashed line and quantified on the right-side axel.