



Legislative Fiscal Bureau

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TO: Representative Robin Vos
Room 321 East, State Capitol

FROM: Al Runde, Fiscal Analyst

SUBJECT: Potential Revenue from Proposed Oil Company Assessment

As you requested, the following table lists the potential revenue that would be generated at various fuel price levels from the proposed oil company assessment recommended by the Governor under Senate Bill 40. The Governor's biennial budget recommendations would create an oil company assessment equal to 2.5% of the gross receipts for those supplying fuel to Wisconsin. The Department of Administration indicates that the proposed oil company assessment would exclude any supplier revenues associated with state or federal motor vehicle fuel taxes collected from the purchaser of that fuel. The revenue figures in the table are shown in millions. An estimate of the potential cost per gallon of the assessment if the assessment were passed-through to fuel purchasers is also provided.

Price Per Gallon	Potential Revenue		Change to SB 40		Potential Amount Per Gallon -- If Passed Through
	2007-08	2008-09	2007-08	2008-09	
\$2.50*	\$116.6	\$158.3	\$0.0	\$0.0	4.9¢
2.75	131.4	179.1	14.8	20.8	5.6
3.00	146.2	199.3	29.6	41.0	6.2
3.25	160.9	219.4	44.3	61.1	6.8
3.50	175.7	239.6	59.1	81.3	7.4
3.75	190.5	259.7	73.9	101.4	8.1
4.00	205.3	279.9	88.7	121.6	8.7

*SB 40 estimate.

The amounts in the table for potential revenue at the various prices assume that the price indicated would be the average retail price of motor vehicle fuel over the biennium. Also, the amounts indicated do not reflect any changes in consumption of motor vehicle fuel as prices rise. It is likely that such increases in the price of motor vehicle fuel would decrease consumption in the biennium, which would also reduce the estimated revenue from the proposed assessment.

AR/sas