

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0549-01
Bill No.: SB 125
Subject: Education, Elementary and Secondary; Motor Fuel; Revenue Dept.; Taxation and Revenue – General
Type: Original
Date: March 16, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Road Fund	(\$1,468,009)	(\$2,237,280)	(\$2,270,840)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$1,468,009)	(\$2,237,280)	(\$2,270,840)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$1,468,009	\$2,237,280	\$2,270,840

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Revenue** (DOR) assume this legislation provides a state tax exemption to school districts on their purchases of fuel used to operate buses for educational purposes. DOR assumes this proposal would create a loss of state revenues, but that it would have no fiscal impact on their agency.

Officials with the **Department of Elementary and Secondary Education** (DES) assume this proposal would create a saving to school districts and a loss to state revenues. DES calculates that total miles traveled by school district-owned and -contracted buses was 120,288,214 for the 2003-2004 school year. Dividing total miles by an average of 7 miles per gallons yields 17,184,030 gallons of fuel used annually. Multiplying gallons of fuel used by 17 cents per gallon (the current Missouri fuel tax) results in an estimated annual fuel tax exemption for school districts of \$2,921,285.

Officials with the **Department of Transportation** (MoDOT) utilized DES mileage statistics to calculate the same exemption. MoDOT stated that motor fuel taxes are split as follows: State Road Fund, 73.24%; cities, 15%; counties, 11.76%. MoDOT assumes the effective date of this proposal to be August 28, 2005, therefore the estimated revenue decrease for FY06 would be for 8 months (November 2005 to June 2006) due to a two month lag in revenue receipts. MoDOT

ASSUMPTION (continued)

assumes annual growth rate of 1.5% in the number of school bus miles traveled.

Using the mileage statistics given and applying the 1.5% annual growth rate, **Oversight** assumes that a fuel tax revenue loss (conversely, a savings to local school districts) of \$2,004,381 in FY06, \$3,054,725 in FY07, and \$3,100,546 in FY08. The revenue loss would be divided among the State Road Fund and local governments by the aforementioned percentages.

Officials with the **Parkway School District** (St. Louis County) assume this proposal would save their district approximately \$40,800 per year, based upon their approximate annual purchase of 240,000 gallons of motor fuel per year.

Oversight assumes that colleges and universities do not fit under the definition of “school districts” as named in this legislation.

This legislation will reduce Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
ROAD FUND			
<u>Loss</u> – MoDOT			
Fuel Tax Revenues	(\$1,468,009)	(\$2,237,280)	(\$2,270,840)
ESTIMATED NET EFFECT ON ROAD FUND	<u>(\$1,468,009)</u>	<u>(\$2,237,280)</u>	<u>(\$2,270,840)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<u>Savings</u> – School Districts			
Elimination of Fuel Tax Expenditures	\$2,004,381	\$3,054,725	\$3,100,546
<u>Loss</u> – Cities			
Fuel Tax Revenues	(\$300,657)	(\$458,209)	(\$465,082)
<u>Loss</u> – Counties			
Fuel Tax Revenues	(\$235,715)	(\$359,236)	(\$364,624)
ESTIMATED NET EFFECT ON LOCAL GOVERNMENT	<u>\$1,468,009</u>	<u>\$2,237,280</u>	<u>\$2,270,840</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

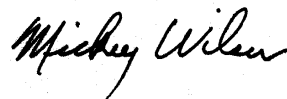
DESCRIPTION

This proposal provides a motor fuel tax exemption for school districts when operating buses used solely to transport students to or from school or transport students to or from any place for educational purposes.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Transportation
Department of Revenue
Parkway School District



L.R. No. 0549-01
Bill No. SB 125
Page 5 of 5
March 16, 2005

Mickey Wilson, CPA
Director
March 16, 2005

RK:LR:OD (12/02)