

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1733-01
Bill No.: SB 421
Subject: Buses; Education, Elementary and Secondary; Motor Fuel; Taxation and Revenue
- General
Type: Original
Date: February 23, 2007

Bill Summary: Would exempt motor fuel used for school bus operations from motor fuel tax.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Road Fund	(\$1,887,000)	(\$2,287,000)	(\$2,310,000)
Total Estimated Net Effect on Other State Funds	(\$1,887,000)	(\$2,287,000)	(\$2,310,000)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$1,887,000	\$2,287,000	\$2,310,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this proposal would create a savings to school districts and a loss to the state. DESE calculates that total miles traveled by school district owned and contracted buses were 126,067,918 for the 2005-2006 school year. By dividing total miles by an average of 7 miles per gallon, this yields 18,009,703 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 \$3,061,650.

Officials from the **Department of Revenue (DOR)** assume this proposal would not have a significant fiscal impact to their organization. DOR did not provide an estimate of the revenue loss.

Officials from the **Department of Transportation (MODOT)** assume this proposal would exempt motor fuel sold to school districts from the motor fuel tax. DOR estimated the loss as follows:

According to DESE they expect a 1.03% bus travel growth annually. The total bus miles traveled during the 2004-05 school year was 126,067,918. The average school bus gets 7 miles per gallon. Total gallons used ($126,067,918/7=18,009,702.57$). That would be an income loss of \$3,061,650.

Adding the 1% growth rate the impact would be \$2,577,000 for FY 08 - partial year, \$3,122,000 for FY 09, and \$3,154,000 for FY 2010. MODOT provided the following allocation of lost revenues (rounded):

	FY 2008	FY 2009	FY 2010
Road Fund	(\$1,887,000)	(\$2,287,000)	(\$2,310,000)
Cities	(\$387,000)	(\$468,000)	(\$473,000)
Counties	(\$303,000)	(\$367,000)	(\$371,000)
Total	(\$2,577,000)	(\$3,122,000)	(\$3,154,000)

ASSUMPTION (continued)

SS:LR:OD (12/02)

Officials from the **Parkway School District** assumed this proposal would result in a savings of approximately \$50,000 per year to their organization. No other school districts responded to our request for information.

Oversight assumes the school districts would realize the full savings from the proposal, and that administrative costs to the state and the school districts would be minimal.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
ROAD FUND			
<u>Loss - MODOT</u>			
Motor fuel tax exemption for school bus operation.	<u>(\$1,887,000)</u>	<u>(\$2,287,000)</u>	<u>(\$2,310,000)</u>
ESTIMATED NET EFFECT ON ROAD FUND	<u>(\$1,887,000)</u>	<u>(\$2,287,000)</u>	<u>(\$2,310,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
LOCAL GOVERNMENTS			
<u>Loss - Cities</u>			
Motor fuel tax exemption for school bus operation.	<u>(\$387,000)</u>	<u>(\$468,000)</u>	<u>(\$473,000)</u>
<u>Loss - Counties</u>			
Motor fuel tax exemption for school bus operation.	<u>(\$303,000)</u>	<u>(\$367,000)</u>	<u>(\$371,000)</u>
<u>Savings - School Districts</u>			
Motor fuel tax exemption for school bus operation.	<u>\$2,577,000</u>	<u>\$3,122,000</u>	<u>\$3,154,000</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>\$1,887,000</u>	<u>\$2,287,000</u>	<u>\$2,310,000</u>

FISCAL IMPACT - Small Business

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

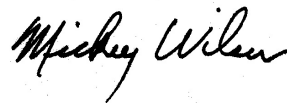
FISCAL DESCRIPTION

This proposal would exempt motor fuel used for school buses from the motor fuel tax.

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 Revenue
Department of Transportation
Parkway School District



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Director
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