

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2112-01  
Bill No.: SB 501  
Subject: Motor Vehicles; Motor Fuel; Taxation and Revenue - General; Revenue Department  
Type: Original  
Date: February 23, 2007

Bill Summary: This proposal provides a motor fuel tax exemption for certain organizations that operate public mass transportation authorities.

**FISCAL SUMMARY**

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

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Road Fund	(\$1,032,000)	(\$1,238,000)	(\$1,238,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$1,032,000)</b>	<b>(\$1,238,000)</b>	<b>(\$1,238,000)</b>

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

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

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

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Local Government</b>	<b>(\$377,000)</b>	<b>(\$453,000)</b>	<b>(\$453,000)</b>

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## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Missouri Department of Transportation (MoDOT)** assume this legislation exempts motor fuel used for certain public transportation purposes from motor fuel tax.

MoDOT's current funding has been committed to projects over the next 5 years in the Statewide Transportation Improvement Program. Any decrease in funding will hamper the department's ability to fulfill its commitments. A loss in transportation funding also could mean the department's bonding efforts could be jeopardized. Any impact to Missouri highway revenues could invoke concern among bondholders, which would cause interest rates on future bonds to increase.

MoDOT calculated that in Fiscal Year 2006 that transit authorities consumed an estimated 9,943,211 gallons of gasoline at the State Gas Tax Rate of \$.17 per gallon for a total of \$1,690,346 in gas tax being paid. MoDOT then calculated the loss of that money for the state, cities and counties.

Officials at the **Department of Revenue (DOR)** assume no fiscal impact to the DOR from this proposal. DOR assumes this legislation establishes an exemption. Exemptions reduce state tax due, therefore it will reduce state revenues.

The excise tax section anticipates additional refunds to process due to this exemption. This may impede process time. DOR currently does not track fuel usage, therefore, cannot determine the loss of fuel tax revenues the state will experience due to this exemption. Due to the Statewide Information Technology Consolidation, the department's response to a proposal will now also reflect the cost estimates prepared by OA-IT for impact to the various systems. Office of Administration Information Technology (ITSD DOR) estimates the IT portion of this request can be accomplished within existing resources, however; if priorities shift, additional FTE/overtime would be needed to implement. Office of Administration Information Technology (ITSD DOR) estimates that this legislation could be implemented utilizing 1 existing CIT III for 1 month at a rate of \$4,186

Officials at the **City of Kansas City** state this bill applies to a city transportation authority. The City of Kansas City does not operate a transportation authority, those mass transit services are provided by the Kansas City Area Transportation Authority, which is partially funded by Kansas City. Any savings enjoyed by the KC ATA may be indirectly enjoyed by the City of Kansas City through greater services for the money now spent for transportation services if the KC ATA has additional funds available.

Officials at the **City of Centralia** assume there may be a minimal reduction in gas tax distribution statewide that would result in slight reduction to city appropriation.

No other city responded to **Oversight's** request for fiscal impact.

**Oversight** assumes the motor fuel tax exemption will be a loss to the Road Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>ROAD FUND</b>			
<u>Loss - Department of Transportation</u> Motor Fuel Tax	<u>(\$1,032,000)</u>	<u>(\$1,238,000)</u>	<u>(\$1,238,000)</u>
<b>ESTIMATED NET EFFECT ON ROAD FUND</b>	<b><u>(\$1,032,000)</u></b>	<b><u>(\$1,238,000)</u></b>	<b><u>(\$1,238,000)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<u>Loss - Cities</u> Motor Fuel Tax	<u>(\$211,000)</u>	<u>(\$254,000)</u>	<u>(\$254,000)</u>
<u>Loss - Counties</u> Motor Fuel Tax	<u>(\$166,000)</u>	<u>(\$199,000)</u>	<u>(\$199,000)</u>
<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>	<b><u>(\$377,000)</u></b>	<b><u>(\$453,000)</u></b>	<b><u>(\$453,000)</u></b>

FISCAL IMPACT - Small Business

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

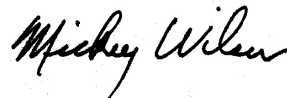
### FISCAL DESCRIPTION

This act provides a motor fuel tax exemption for motor fuel that is sold to and that is used to operate a public mass transportation authority by an interstate transportation authority, a city transit authority, a city utilities board, and a not-for-profit organization that provides transportation services to disadvantaged citizens. The Department of Revenue shall promulgate rules to implement the act.

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

Missouri Department of Transportation  
Department of Revenue  
City of Kansas City  
City of Centralia



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Director  
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