

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4763-04  
Bill No.: Perfected SS for SB 623  
Subject: Motor Fuel; Taxation and Revenue - General; Transportation  
Type: Original  
Date: March 31, 2016

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Bill Summary:           Raises the tax on motor fuel by five and nine-tenths cents per gallon beginning on January 1, 2017, if approved by qualified voters at an election to be held in November, 2016.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	\$0 or (\$90,072)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (\$90,072)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
State Road Fund	\$0 or \$82,786,802	\$0 or \$165,573,603	\$0 or \$165,573,603
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0 or \$82,786,802</b>	<b>\$0 or \$165,573,603</b>	<b>\$0 or \$165,573,603</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</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 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>\$0 or \$35,480,058</b>	<b>\$0 or \$70,960,116</b>	<b>\$0 or \$70,960,116</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from **Department of Transportation (MoDOT)** assume this proposal would increase the motor fuel tax on gasoline/gasohol and diesel by 5.9 cents per gallon.

### Fiscal Impact

<u>Yield from Increasing Gas Excise Tax</u>	<u>5.9-Cents</u>
State (70%)	\$125,126,176
Cities (15%)	\$26,812,752
<u>Counties (15%)</u>	<u>\$26,812,752</u>
Total	\$178,751,680

<u>Yield from Increasing Diesel Excise Tax</u>	<u>5.9-Cents</u>
State (70%)	\$40,447,427
Cities (15%)	\$8,667,306
<u>Counties (15%)</u>	<u>\$8,667,306</u>
Total	\$57,782,039

### Total Yield from Increasing Motor Fuel Tax

State (70%)	\$165,573,603
Cities (15%)	\$35,480,058
<u>Counties (15%)</u>	<u>\$35,480,058</u>
Total	\$236,533,719

In response to a prior version of this proposal, officials from the **Department of Revenue (DOR)** deferred to the MoDOT for the estimated impact to Total State Revenue.

DOR officials assumed the rate change would require new forms and programming. DOR officials stated many consumers apply for non-highway use refunds of the motor fuel tax creating instances of claims being made at different tax rates, and assume this would require programming changes to the motor fuel tax system with an estimated cost of \$90,072 (OA-ITSD 1,200.96 hours @ \$75 per hour).

DOR officials assumed the rate change would require one additional Revenue Processing Technician I (Range 10, Step L) for processing refunds.

ASSUMPTION (continued)

IT impact

**Oversight** assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb some of the costs related to this proposal and will reflect a cost of \$90,072 for IT expenses.

For purposes of this fiscal note, **Oversight** will use the Department of Transportation’s estimated amount of revenue generated from the motor fuel tax. Because this proposal becomes effective on January 1, 2017, Oversight will use a 6 months revenue generated for fiscal year 2017.

**Oversight** will range the fiscal impact from \$0 (if proposal is not approved by voters) to the estimates provided by MoDOT and DOR.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (6 Mo.)	FY 2018	FY 2019
<b>GENERAL REVENUE</b>			
Cost-DOR administrative cost to implement changes	<u>\$0 or (\$90,072)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>\$0 or (\$90,072)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>STATE ROAD FUND</b>			
<u>Revenue</u> Increased motor fuel tax (70%)	<u>\$0 or \$82,786,802</u>	<u>\$0 or \$165,573,603</u>	<u>\$0 or \$165,573,603</u>
<b>ESTIMATED NET EFFECT TO THE STATE ROAD FUND</b>	<b><u>\$0 or \$82,786,802</u></b>	<b><u>\$0 or \$165,573,603</u></b>	<b><u>\$0 or \$165,573,603</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (6 Mo.)	FY 2018	FY 2019
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue - Cities (15%)</u>			
Increased Motor Fuel Tax	\$0 or \$17,740,029	\$0 or \$35,480,058	\$0 or \$35,480,058
<u>Revenue - Counties (15%)</u>			
Increased Motor Fuel Tax	\$0 or \$17,740,029	\$0 or \$35,480,058	\$0 or \$35,480,058
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0 or</u> <u>\$35,480,058</u></b>	<b><u>\$0 or</u> <u>\$70,960,116</u></b>	<b><u>\$0 or</u> <u>\$70,960,116</u></b>

FISCAL IMPACT - Small Business

Small businesses that purchase fuel would be impacted by this proposal.

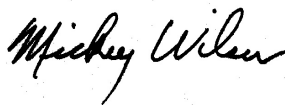
FISCAL DESCRIPTION

This proposal raised the tax on motor fuel by five and nine-tenths per gallon, beginning January 1, 2017, if approved by qualified voters at an election to be held in November 2016.

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 Revenue  
 Department of Transportation



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