

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0544-01
Bill No.: SB 38
Subject: Boards, Commission, Committees and Councils; Counties; County Government;
 Department of Transportation; Transportation; Roads and Highways
Type: Original
Date: January 31, 2017

Bill Summary: This proposal modifies control and maintenance of the supplementary state highway system.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
State Road Fund	\$275,000,000	\$275,000,000	\$275,000,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$275,000,000	\$275,000,000	\$275,000,000

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	0	0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Local Government	(\$275,000,000)	(\$275,000,000)	(\$275,000,000)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Transportation (MoDOT)** state the following regarding this proposal:

This proposal would transfer the supplemental highway system from the Missouri Highway and Transportation Commission (MHTC) to county highway departments and would set up a fund to help pay for the continued cost of the transferred roads. MHTC would be providing the funds for the continued maintenance of the transferred roads.

MoDOT would transfer responsibility for 25,691 centerline miles of state supplementary routes to county governments. MoDOT would retain responsibility for the remaining 8,182 centerline miles of interstate and state primary routes.

In total, MoDOT spends approximately \$413 million on state supplementary routes each year. The amount of expenditures for specific routes can vary significantly based on the amount of travel, location, condition, number of bridges, etc.

Under this proposal, one-third of these funds, or approximately \$138 million per year, would be provided to County Highway Commissions for the multi-year maintenance program defined in sections 230.270 to 230.290. The remaining \$275 million per year would be a savings to the State Road Fund and would be allocated for additional investments on the state's primary highway system.

Please note these mileages and dollar amounts are based on the currently defined state supplementary system, which includes lettered and numbered routes throughout the state. This proposal redefines the state supplementary system to only include lettered routes, which would result in fewer miles transferred and less funding for County Highway Commissions.

Officials at the **Office of Administration** defer to the Department of Transportation.

Officials from **Callaway County** assume the financial impact of this proposal will be in the millions.

Officials from **Cole County** assume this proposal will cost approximately \$2,760,955 per year.

ASSUMPTION (continued)

Officials from the **Department of Revenue, Platte County Board of Elections** and **Jackson County Election Board** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight will use the Department of Transportation's figures to reflect the fiscal impact to the State Road Fund and the County Highway Commissions, although the exact cost and savings is unknown due to the revised definition of the state supplementary system which will only include lettered routes.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
STATE ROAD FUND			
<u>Savings</u> - MoDOT - transfer of maintenance to County Highway Commissions	\$413,000,000	\$413,000,000	\$413,000,000
<u>Transfer Out</u> - allocation of funds to County Highway Commissions for maintenance	<u>(\$138,000,000)</u>	<u>(\$138,000,000)</u>	<u>(\$138,000,000)</u>
ESTIMATED NET EFFECT TO THE STATE ROAD FUND	<u>\$275,000,000</u>	<u>\$275,000,000</u>	<u>\$275,000,000</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
COUNTY HIGHWAY COMMISSIONS			
<u>Transfer In</u> - funds from MoDOT for maintenance of supplementary highways	\$138,000,000	\$138,000,000	\$138,000,000
<u>Costs</u> - additional funds needed to maintain supplementary highways	<u>(\$413,000,000)</u>	<u>(\$413,000,000)</u>	<u>(\$413,000,000)</u>
ESTIMATED NET EFFECT TO COUNTY HIGHWAY COMMISSIONS	<u>(\$275,000,000)</u>	<u>(\$275,000,000)</u>	<u>(\$275,000,000)</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 requires the State Highways and Transportation Commission ("Commission") to transfer its interest in lands or leaseholds on which supplementary state highways, designated by letter, are located to the county highway commissions in which the land or leaseholds are located. This act also creates a multi-year maintenance program under which county highway commissions may apply for funding to maintain the supplementary state highways transferred to the county highway commissions.

The annual funding for the multi-year maintenance program shall be equal to one-third of the average annual expenditures of the Commission over the previous five year period on supplementary state highways. Each county highway commission may submit a proposal for a multi-year maintenance program with costs up to the average total annual amount expended by the Commission in that county in the previous five year period. Each county highway commission may only be awarded funds for a multi-year maintenance program once every three years. Any amounts not awarded to a county highway commission in a three year application period shall be carried over to the next application period.

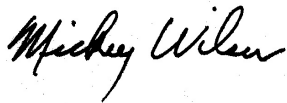
FISCAL DESCRIPTION (continued)

The Commission shall establish a process for the receipt and review of proposals for maintenance under the multi-year maintenance program. The Commission may, at its discretion, approve or deny proposals submitted by a county highway commission or individual projects contained in the proposals and the Commission shall grant hearings for review of any disapproval requested by a county highway commission as required by the act. Any projects undertaken by a county highway commission under a multi-year maintenance program for which funds are awarded by the Commission that is completed under-budget shall have remaining funds transferred to the county highway commission to be used at the discretion of the county highway commission for the road projects in the county.

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 Transportation
Office of Administration
Department of Revenue
Cole County
Callaway County
Jackson County Election Board
Platte County Board of Elections



Mickey Wilson, CPA
Director
January 31, 2017

Ross Strope
Assistant Director
January 31, 2017