

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3563-02  
Bill No.: SB 573  
Subject: Taxation and Revenue - Income; Taxation and Revenue - General; Motor Fuel  
Type: Original  
Date: January 21, 2020

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Bill Summary: This proposal imposes a petroleum products surcharge and reduces the income tax rate.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2026)
General Revenue	(\$117,600,771)	(\$280,115,202)	(\$280,729,644)	(\$281,361,967)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$117,600,771)</b>	<b>(\$280,115,202)</b>	<b>(\$280,729,644)</b>	<b>(\$281,361,967)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2026)
State Road Fund (0320)	\$44,788,279	\$130,758,509	\$184,271,778	\$268,031,677
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$44,788,279</b>	<b>\$130,758,509</b>	<b>\$184,271,778</b>	<b>\$268,031,677</b>

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 15 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>Fully Implemented (FY 2026)</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</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 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>Fully Implemented (FY 2026)</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</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 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>Fully Implemented (FY 2026)</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

**Section 143.011 - Reduction of top individual income tax rate by 0.3%**

Officials from the **Office of Administration - Budget & Planning Division (B&P)** state this section reduces the top income tax rate by 0.3% beginning with Tax Year 2021.

For the purpose of this fiscal note, B&P assumes the income tax rate reductions and business income exemptions scheduled to occur under current law happen in concurrent years from Tax Year 2021 through tax year 2023. Based on Tax Year 2017 data, the most recent complete tax year available, B&P estimates that a 0.3% reduction in the top income tax rate will reduce Total State Revenue (TSR) and General Revenue (GR) by (\$281.4 million) once fully implemented in Tax Year 2023. The following table shows the estimated impact by tax year.

**Table 1: Income Tax Rate Reduction by Tax Year**

Tax Year	Current Law*	Proposal	Impact to GR
2020	5.40%	5.40%	N/A
2021	5.30%	5.00%	(\$280,001,835)
2022	5.20%	4.90%	(\$280,271,756)
2023	5.10%	4.80%	(\$281,361,967)

\*Assumes SB 509 (2014) is triggered from Fiscal Year 2021 through Fiscal Year 2023.

Since the rate reduction is scheduled to begin January 1, 2021, taxpayers would adjust their withholdings and declarations beginning January 2021. Therefore, B&P estimates that this proposal would reduce TSR and GR by \$117.6 million in Fiscal Year 2021. Once fully implemented in Fiscal Year 2024, B&P estimates that this provision will reduce TSR and GR by \$281.4 million annually. The following table shows the estimated impact by fiscal year.

**Table 2: Estimated Impact by Fiscal Year**

Fiscal Year	Impact to GR
2021	(\$117,600,771)
2022	(\$280,115,202)
2023	(\$280,729,644)
2024	(\$281,361,967)

ASSUMPTION (continued)

**Oversight** notes B&P has used a 42%/58% split when converting the estimated calendar year impact into a fiscal year impact. Oversight provides the calendar year/fiscal year split equations below:

Tax Year = January 1 - December 31		Equations for the Split	Fiscal Year = July 1 - June 30	
Calendar Year	Calendar Year Impact	Equation	Fiscal Year	Fiscal Year Impact
2021	(\$280,001,835)	$(\$280,001,835) * 42\%$	2021	(\$117,600,771)
2022	(\$280,271,756)	$(\$280,001,835) * 58\% + (\$280,271,756) * 42\%$	2022	(\$280,115,202)
2023	(\$281,361,967)	$(\$280,271,756) * 58\% + (\$281,361,967) * 42\%$	2023	(\$280,729,645)
-	-	$(\$281,361,967) * 58\% + (281,361,967) * 42\%$	2024	(\$281,361,967)

Officials from the **Missouri Department of Revenue (DOR)** state the current projected Individual Income Tax Rate, calculated with SB 509 (2014) and HB 2540 (2018), is as follows:

- Tax Year 2018 it was 5.9% (.1% reduction from SB 509)
- Tax Year 2019 it was 5.4% (.1% reduction from SB 509 + .4% reduction from HB 2540)
- Tax Year 2020 it is 5.4% (no reductions)
- Tax Year 2021 will be 5.3% (.1% reduction from SB 509)
- Tax Year 2022 will be 5.2% (.1% reduction from SB 509)
- Tax Year 2023 will be 5.1% (last .1% reduction from SB 509)

DOR assumes that SB 509 triggers each year consecutively for fiscal note purposes.

This proposed legislation would allow for another three-tenths of one percent (0.3%) reduction starting in Calendar Year 2021. Therefore, the future income tax rates per this proposed legislation would be changed to:

- Tax Year 2021 would be 5%.
- Tax Year 2022 would be 4.9%
- Tax Year 2023 would be 4.8%

DOR used its internal Income Tax Model that contains confidential taxpayer data to create the fiscal impact. The model calculates the calendar/tax year impact then converts the data to fiscal year using a 42% in the first year and 58% in the second year split for conversion. The loss to GR is projected as follows:

ASSUMPTION (continued)

The GR impact would be a loss per calendar year of:

Tax Year 2021	(\$279,072,655)
Tax Year 2022	(\$279,225,544)
Tax Year 2023	(\$280,309,420)
Tax Year 2024	(\$278,834,386)

DOR notes that the tax year rate change would first be reported on Fiscal Year 2022 tax returns. This would translate into the following loss per fiscal year:

Fiscal Year 2021	(\$117,210,515)
Fiscal Year 2022	(\$279,136,868)
Fiscal Year 2023	(\$279,689,906)

**Oversight** notes this proposed legislation would reduce the top individual income tax rate by three-tenths of one percent (.3%) beginning Tax Year 2021. Oversight notes individuals would file their Tax Year 2021 individual income tax returns after January 1, 2022 (Fiscal Year 2022). Oversight notes DOR has used a 42%/58% split when converting the estimated calendar/tax year impact into a fiscal year impact. Oversight further notes DOR has not estimated the fully implemented fiscal impact of this section.

**Oversight** notes the current tax rate and projected future tax rates when accounting for the tax law changes pursuant to SB 509 (2014) will be:

Tax Year	Tax Rate
2020	5.40%
2021	5.30%
2022	5.20%
2023 Forward	5.10%

Oversight notes this proposed legislation would allow an additional reduction to the top individual income tax rate equal to three-tenths of one percent (.3%). Oversight assumes the tax rates beginning in Tax Year 2021, while taking into consideration the reductions currently allowable SB 509 (2014), will be:

Tax Year	Tax Rate
2020	5.40%
2021	5.00%
2022	4.90%
2023 Forward	4.80%

ASSUMPTION (continued)

**Oversight** used 2017 Federal tax data published by the Internal Revenue Service, specific to the State of Missouri, to model the changes proposed in this section of the proposed legislation. Oversight notes the model used begins with Federal Adjusted Gross Income (FAGI). Models used by the Office of Administration - Division of Budget & Planning and the Missouri Department of Revenue holds Missouri tax data which includes various additions, subtractions, and deductions post FAGI, which are not accounted for in the model used by Oversight. Therefore, there will always be a difference in the estimated impact(s) in relation to income tax rate reductions as shown between Oversight and other state agencies. Oversight notes B&P provided the calendar year revenue split for Oversight to determine fiscal year impacts. Oversight used the 42 percent/58 percent split and provides the following fiscal impact as it relates to this section and accounting for the projected income tax law changes pursuant to SB 509 (2014):

Fiscal Year	Impact to General Revenue
2021	(\$140,214,393)
2022	(\$336,518,441)
2023	(\$346,311,489)
2024	(\$354,734,594)

Oversight assumes Fiscal Year 2021 will experience the first impact (revenue reduction) as individuals will adjust their withholdings and estimated declarations accordingly.

For the purposes of this fiscal note, Oversight will use the fiscal impact (reduction) estimated for this section provided by B&P as they provided the largest reduction while using Missouri source data.

Section 414.162 - Petroleum Products Surcharge

Officials from **B&P** state this section would create a surcharge on all petroleum products within the state as defined in Section 414.032. B&P notes Section 414.162.1 states all revenue generated by the surcharge shall be deposited into the State Road Fund (0320). During Tax Year 2021 the surcharge shall be \$210 per 8,000 gallons stored within Missouri; during Tax Year 2022 the surcharge shall be \$300 per 8,000 gallons stored within Missouri; and, during Tax Year 2023 the surcharge shall be \$390 per 8,000 gallons stored within Missouri. For all tax years beginning with Tax Year 2024, the surcharge shall be \$480 per 8,000 gallons stored within Missouri.

B&P notes there is a one-month delay in surcharge payments. Therefore, Tax Year 2021 will only receive 11 months of the increased surcharge. Tax Year 2022 will receive one month of the additional surcharge from Tax Year 2021 and eleven months at the Tax Year 2022 surcharge rate. Therefore, this proposed legislation will not be fully implement until Tax Year 2025 and Fiscal Year 2026.

ASSUMPTION (continued)

Per information from the Missouri Department of Agriculture (MDA), there were 4,611,971,128 gallons of petroleum products within Missouri during Fiscal Year 2019 that would have been subject to this surcharge. Therefore, B&P estimates that this proposal will increase revenues to the State Road Fund (0320) by \$276.7 million once fully implemented in Tax Year 2025. The following table shows the surcharge rate and estimated revenue impact.

Table 3: Petroleum Surcharge Revenue **by Tax Year**

Tax Year	Surcharge	Impact to State Road Fund
2021	\$210 per 8,000 gallons	\$110,975,555
2022	\$300 per 8,000 gallons	\$168,625,194
2023	\$390 per 8,000 gallons	\$220,509,870
2024	\$480 per 8,000 gallons	\$272,394,545
2025	\$480 per 8,000 gallons	\$276,718,268

For the purpose of this fiscal note, B&P assumes the petroleum surcharge collections will be evenly distributed throughout the calendar year. Therefore, B&P estimates that this provision will increase Total State Revenue (TSR) by \$46.2 million in Fiscal Year 2021. Once fully implemented in Fiscal Year 2026, this proposal could increase TSR by \$276.7 million annually. The following table shows the estimated impact by fiscal year.

Table 4: Petroleum Surcharge Revenue **by Fiscal Year**

Fiscal Year	Impact to State Road Fund
2021	\$46,239,815
2022	\$134,996,238
2023	\$190,243,809
2024	\$242,128,485
2025	\$274,196,096
2026	\$276,718,268

Officials from **DOR** state, beginning January 1, 2021, the Department of Agriculture shall impose a surcharge on all petroleum products within this state and deposit the surcharge into the State Road Fund, at the following rate:

For the year beginning January 1, 2021, and ending December 31, 2021, such surcharge shall be two hundred ten dollars (\$210) per eight thousand gallons;

For the year beginning January 1, 2022, and ending December 31, 2022, such surcharge shall be three hundred dollars (\$300) per eight thousand gallons;

ASSUMPTION (continued)

For the year beginning January 1, 2023, and ending December 31, 2023, such surcharge shall be three hundred ninety dollars (\$390) per eight thousand gallons; and

For all years beginning on or after January 1, 2024, such surcharge shall be four hundred eighty dollars (\$480) per eight thousand gallons.

Revenues for the Petroleum Products Insurance Fund come primarily from a "transport load fee," which is currently \$28 per 8,000 gallons, assessed on each load of petroleum brought into Missouri. The fee increased from \$20 per 8,000 gallons to \$28 per 8,000 effective 01/19/2019. Annual "participation fees" are also charged for insurance coverage. DOR's records show the following amounts collected from the current petroleum products fee:

FY2019 Collections of \$5,990,986 at the \$20 rate = approximately 2,396,394,452 gallons;  
 Collections of \$7,247,801 at the \$28 rate = approximately 2,070,800,163 gallons.

Fiscal Year 2019 Total Collections: \$13,238,787

Fiscal Year 2019 Total Gallons: 4,467,194,616

FY2018: Collections of \$11,529,928 at the \$20 rate = approximately 4,611,971,128 gallons;

FY2017: Collections of \$11,650,230 at the \$20 rate = approximately 4,660,092,076 gallons.

This proposed legislation would require a similar petroleum products surcharge be assessed with the proceeds going to the State Road Fund (0320). This proposal states railroad corps and airline companies are to be excluded from this surcharge. DOR notes these companies are currently exempt from the current surcharge on petroleum products.

DOR used the amount of gallons in FY2019 (4,467,194,616) as an estimate of the surcharge collected annually.

Proposed Surcharge				
Year	Rate/8000 gal	Rate/gal	est gallons	revenue
2021	\$210/8000	0.026	4,467,194,616	116,147,060
2022	\$300/8000	0.038	4,467,194,616	169,753,395
2023	\$390/8000	0.049	4,467,194,616	218,892,536
2024+	\$480/8000	0.06	4,467,194,616	268,031,677



ASSUMPTION (continued)

Fiscal Year Impact would be:

FY	
2021	\$48,781,765
2022	\$138,661,721
2023	\$190,391,835
2024	\$239,530,975

**Oversight** notes DOR has used a 42% / 58% split when converting tax year collections into fiscal year collections. Oversight further notes DOR’s estimates do not report the fully implemented amount.

Officials from the **Missouri Department of Agriculture (MDA)** state the proposed legislation will increase the State Road Fund (0320) revenues by placing a surcharge on gasoline, diesel and other petroleum products by 2.625 cents per gallon beginning January 1, 2021 to 6.0 cents per gallon in January 1, 2024.

Calendar Year Revenue -- Proposed Surcharge on Petro Products				
Calendar Year	Surcharge		est motor fuel	state road fund
	rate/8000 gal	rate/gal	Gallons	additional revenue
2021	210	\$0.03	4,611,971,128	\$121,064,242
2022	300	\$0.04	4,611,971,128	\$172,948,917
2023	390	\$0.05	4,611,971,128	\$224,833,592
<b>2024</b>	<b>480</b>	<b>\$0.06</b>	4,611,971,128	<b>\$276,718,268</b>
2025	480	\$0.06	4,611,971,128	\$276,718,268
2026	480	\$0.06	4,611,971,128	\$276,718,268

Assumption: The estimated motor fuel is calculated from the load transport surcharge for the Petroleum Storage Tank Insurance Fund (0585) in Fiscal Year 2018.

ASSUMPTION (continued)

Fiscal & Calendar Year Revenue to Highway Fund - Proposed Petro Product Surcharge					
Calendar Year Totals	FY 21 (5 months)	FY 22	FY 23	FY 24	FY25
CY 21 - \$121,064,242	\$50,443,434	\$70,620,808	\$0	\$0	\$0
CY 22 - \$172,948,917	\$0	\$72,062,049	\$100,886,868	\$0	\$0
CY 23 - \$224,833,592	\$0	\$0	\$93,680,664	\$131,152,929	\$0
CY 24 - \$276,718,268	\$0	\$0	\$0	\$115,299,278	\$161,418,989
CY 25 - \$276,718,268	\$0	\$0	\$0	\$0	\$115,299,278
CY 26 - \$276,718,268	\$0	\$0	\$0	\$0	\$0
<b>Fiscal Year Totals</b>	<b>\$50,443,434</b>	<b>\$142,682,857</b>	<b>\$194,567,532</b>	<b>\$246,452,207</b>	<b>\$276,718,267</b>

MDA has stated they do not anticipate any impact to their agency.

**Oversight** notes MDA has stated they do not anticipate a fiscal impact to their agency. Oversight does not have any information to the contrary. Therefore, Oversight will show a zero fiscal impact for this organization.

**Oversight** notes this section of the proposed legislation states, beginning January 1, 2021, the Department of Agriculture shall impose a surcharge on all petroleum products within this state which are enumerated by Section 414.032. The surcharge imposed shall be at a rate of:

Tax Year	Rate
2021	\$210 per 8,000 gallons
2022	\$300 per 8,000 gallons
2023	\$390 per 8,000 gallons
2024 - Forward	\$480 per 8,000 gallons

**Oversight** notes this section states all revenues generated by the assessment of the surcharge shall be deposited into the State Road Fund (0320).

**Oversight** also notes DOR has stated the actual gallons subject to the surcharge under Section 319.132 to be 4,467,194,616 during Fiscal Year 2019. Oversight assumes the total 8,000 gallon equivalents would be 558,399 (4,467,194,616 / 8,000). Oversight applied the rate applicable for each tax year to the number of 8,000 gallon equivalents (558,399) to determine the revenues to be deposited into the State Road Fund (0320), as shown below:

ASSUMPTION (continued)

Tax Year	Surcharge	Impact to State Road Fund
2021	\$210 per 8,000 gallons	\$107,491,870
2022	\$300 per 8,000 gallons	\$163,331,803
2023	\$390 per 8,000 gallons	\$213,587,743
2024	\$480 per 8,000 gallons	\$263,843,682
2025	\$480 per 8,000 gallons	\$268,031,677

**Oversight** notes Tax Year 2021 reports 11 months worth of revenues as there is a one-month delay in the payments of the surcharge. Therefore, each tax year after, will have revenues from one (1) month of the previous tax year and revenues from eleven (11) months of the current tax year.

**Oversight** has converted the tax year revenues generated into fiscal year revenues. For the first fiscal year (FY 21), by applying five (5) months worth of the tax year's revenue (one month behind in payment). For all other fiscal years, Oversight applied 7 months of the previous tax year and 5 months of the current tax year to determine the impact each fiscal year. Oversight reports the revenues per fiscal year as:

Fiscal Year	Impact to State Road Fund
2021	\$44,788,279
2022	\$130,758,509
2023	\$184,271,778
2024	\$234,527,718
2025	\$265,588,680
2026	\$268,031,677

**Oversight** notes the number of gallons used by Oversight and DOR are the same. However, the numbers are different due to DOR rounding to the nearest integer when calculating the impact and converting tax year revenues to fiscal year revenues. For purposes of this fiscal note, Oversight will show the impact (increase) to the State Road Fund (0320) using Oversight's estimates since Oversight used actual gallons subject to the surcharge under Section 319.132 from Fiscal Year 2019 and did not round when calculating or converting to fiscal year(s); Oversight projected the revenues out to the fully implemented date.

**B&P** estimates this proposal, in its entirety, will decrease TSR by (\$71.4 million) and GR by (\$117.6 million) in FY21. Once fully implemented in Fiscal Year 2026, B&P estimates this proposal will decrease TSR by (\$4.6 million) and GR by (\$281.4 million) annually. The following table shows the estimated impacts by fiscal year.

ASSUMPTION (continued)

Table 5: Estimated Impact to GR

Fiscal Year	Income Tax Rate	Petroleum Surcharge	Impact to TSR
	(GR Loss)	(State Road Fund Gain)	
2021	(\$117,600,771)	\$46,239,815	(\$71,360,956)
2022	(\$280,115,202)	\$144,604,511	(\$135,510,691)
2023	(\$280,729,644)	\$198,891,255	(\$81,838,389)
2024	(\$281,361,967)	\$250,775,930	(\$30,586,037)
2025	(\$281,361,967)	\$274,916,716	(\$6,445,251)
2026	(\$281,361,967)	\$276,718,268	(\$4,643,699)

**DOR** estimates the following, as it applies to this proposed legislation as a whole:

Summary	FY 2021	FY 2022	FY 2023	FY 2024
Reduction in Individual Income Tax Rate – loss to General Revenue	\$0	(\$117,210,515)	(\$279,136,868)	(\$279,689,906)
Petroleum Surcharge given to the State Road Fund	\$48,781,765	\$138,661,721	\$190,391,835	\$239,530,975

**Oversight** estimates the following, as it applies to this proposed legislation as a whole:

Summary	Fiscal Year					
	2021	2022	2023	2024	2025	2026
Reduction of Ind. Income Tax Rate	(\$140,214,393)	(\$336,518,441)	(\$346,311,489)	(\$354,734,594)	(\$354,734,594)	(\$354,734,594)
Petroleum Surcharge	\$44,788,279	\$130,758,509	\$184,271,778	\$234,527,718	\$265,588,680	\$268,031,677
Total Impact to TSR	(\$95,426,114)	(\$205,759,932)	(\$162,039,711)	(\$120,206,876)	(\$89,145,914)	(\$86,702,917)

For purposes of this fiscal note, Oversight will use B&P’s estimated reduction to GR from the personal income tax rate reduction as B&P’s estimates provide the largest decrease to GR while using Missouri source data. Oversight will use Oversight’s estimated increase to the State Road Fund (0320) as Oversight used the total number of gallons recognized in Fiscal Year 2019, as stated by DOR, without rounding calculations or the conversion to fiscal year(s) and calculating out to the fully implemented year.

ASSUMPTION (continued)

Officials from the **Joint Committee on Administrative Rules (JCAR)** assume this proposal is not anticipated to cause a fiscal impact beyond current appropriations.

**Oversight** assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

Officials from the **Missouri Department of Transportation** deferred to the Missouri Department of Revenue to estimate the effect this proposed legislation would have.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2026)
<b>GENERAL REVENUE FUND</b>				
<u>Revenue Reduction -</u> (Section 143.011) - Reduction of indiv. income tax rate by .03% p. 3				
	<u>(\$117,600,771)</u>	<u>(\$280,115,202)</u>	<u>(\$280,729,644)</u>	<u>(\$281,361,967)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
	<u><u>(\$117,600,771)</u></u>	<u><u>(\$280,115,202)</u></u>	<u><u>(\$280,729,644)</u></u>	<u><u>(\$281,361,967)</u></u>
 <b>STATE ROAD FUND (0320)</b>				
<u>Revenue Gain -</u> (Section 414.162) - Petroleum Products Surcharge p. 11				
	<u>\$44,788,279</u>	<u>\$130,758,509</u>	<u>\$184,271,778</u>	<u>\$268,031,677</u>
<b>ESTIMATED NET EFFECT ON STATE ROAD FUND</b>				
	<u><u>\$44,788,279</u></u>	<u><u>\$130,758,509</u></u>	<u><u>\$184,271,778</u></u>	<u><u>\$268,031,677</u></u>
 <u>FISCAL IMPACT - Local Government</u>				
	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2026)
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposed legislation could impact any small business that would handle loads of petroleum products as they would be required to pay the surcharge created under Section 414.162 of this proposed legislation. (Section 414.162)

### FISCAL DESCRIPTION

For all tax years beginning on or after January 1, 2021, this act reduces the top rate of tax by 0.3%, with an eventual top rate of tax of 4.8%. (Section 143.011)

Beginning January 1, 2021, this act imposes a surcharge on all petroleum products imported or removed from this state, as described in the act. The surcharge shall be imposed at a rate of \$210 per eight thousand gallons, with such rate to increase over a period of four years until such rate is \$480 per eight thousand gallons for all years beginning on or after January 1, 2024.

All revenue generated by the assessment of such surcharges shall be deposited in the State Road Fund. (Section 414.162)

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 Office of Administration - Budget & Planning Division  
Missouri Department of Revenue  
Missouri Department of Agriculture  
Joint Committee on Administrative Rules  
Missouri Department of Transportation  
Missouri Secretary of State's Office



Julie Morff  
Director  
January 21, 2020



Ross Strope  
Assistant Director  
January 21, 2020