

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3735S.01I
Bill No.: SB 811
Subject: Motor Fuel; Department of Revenue; Taxation and Revenue - General;
Transportation; Department of Transportation
Type: Original
Date: February 8, 2022

Bill Summary: This proposal repeals a portion of the tax on motor fuel, and the exemption and refund process applicable to that portion.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2027)
General Revenue*	\$1,077,567	\$1,144,433	\$1,158,606	\$1,177,694
Total Estimated Net Effect on General Revenue	\$1,077,567	\$1,144,433	\$1,158,606	\$1,177,694

*Cost avoidance (not hiring additional Department of Revenue employees to process refunds)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2027)
Gaming Fund	\$4,135	\$10,203	\$15,304	\$20,405
Highway Fund	\$33,083	\$81,621	\$122,431	\$163,241
State Road Fund*	More or Less than (\$71,259,292 to \$82,510,759)	More or Less than (\$150,019,562 to \$168,772,007)	More or Less than (\$187,524,451 to \$225,029,342)	More or Less than (\$240,031,298 to \$307,540,100)
Other State Funds	Unknown	Unknown	Unknown	Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	More or Less than (\$71,222,074 to \$82,473,541)	More or Less than (\$150,017,738 to \$168,680,183)	More or Less than (\$187,386,716 to \$224,891,607)	More or Less than (\$239,847,652 to \$307,356,454)

*Revenue increase avoidance

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2027)
Total Estimated Net Effect on All Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2027)
General Revenue	(23 FTE)	(23 FTE)	(23 FTE)	(23 FTE)
Total Estimated Net Effect on FTE	(23 FTE)	(23 FTE)	(23 FTE)	(23 FTE)

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☒ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2027)
Local Government*	More or Less than (\$26,356,176 to \$30,517,678)	More or Less than (\$55,486,687 to \$62,422,523)	More or Less than (\$69,358,358 to \$83,230,030)	More or Less than (\$88,778,700 to \$113,747,709)

*Revenue increase avoidance.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Budget and Planning (B&P)** assume the following regarding this proposal:

This proposal would repeal parts of SB 262 (2021), specifically the additional motor fuel tax enacted in Section 142.803.3 and the motor fuel refund in Section 142.822. B&P notes that this proposal would not repeal the increases to the alternative fuel decal fees that were also in SB 262.

Section 142.803 – Motor Fuel Tax Increase

B&P notes that under Section 142.803.3 the fuel tax rate is scheduled to be increased by \$0.025 each year, for five years. The following table shows the additional tax rate by year.

Table 1: Motor Fuel

Date (FY)	Additional Tax	Total Motor Fuel Tax
10/21 - 06/22 (FY22)	\$0.025	\$0.195
07/22 - 06/23 (FY23)	\$0.050	\$0.220
07/23 - 06/24 (FY24)	\$0.075	\$0.245
07/24 - 06/25 (FY25)	\$0.100	\$0.270
07/25 and on (FY26+)	\$0.125	\$0.295

B&P notes that the first \$0.025 increase went into effect on October 1, 2021 and the second increase will go into effect on July 1, 2022. B&P further notes that this proposal will not take effect until August 28, 2022. Therefore, the fuel tax rate would be rolled back from \$0.22 to \$0.17 and future increases would be prevented.

B&P estimated that the fuel tax increase would generate the following revenues under SB 262 (2021):

Table 2: Motor Fuel Tax Increase Revenue by Fiscal Year

Fuel Type	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Gasoline	\$56,218,955	\$149,917,213	\$224,875,820	\$299,834,427	\$374,793,033	\$374,793,033
Diesel	\$20,845,888	\$55,589,035	\$83,383,553	\$111,178,070	\$138,972,588	\$138,972,588
Total	\$77,064,843	\$205,506,248	\$308,259,373	\$411,012,497	\$513,765,621	\$513,765,621

B&P notes that this proposal would represent a loss to the state in FY 2023, but the revenue gains estimated for the additional increases would represent forgone revenues rather than actual lost revenues. Table 3 shows the estimated impact from this proposal.

Table 3: Proposed Motor Fuel Tax Impact

Fuel Type	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Gasoline	(\$124,130,052)	(\$224,875,820)	(\$299,834,427)	(\$374,793,033)	(\$374,793,033)
Diesel	(\$46,027,202)	(\$83,383,553)	(\$111,178,070)	(\$138,972,588)	(\$138,972,588)
Total	(\$170,157,254)	(\$308,259,373)	(\$411,012,497)	(\$513,765,621)	(\$513,765,621)

B&P notes that because this proposal would not begin until August 28, 2022 there would still be two months of fuel tax collections at the \$0.22 tax rate in FY 2023. Therefore, the loss in FY 2023 would be less than the gain originally estimated for SB 262 (2021). B&P further notes that based on monthly gallons sales (reported by DOR); sales in July and August are approximately 17.2% of total gallon sales over an entire fiscal year.

Section 142.822 – Motor Fuel Tax Increase Rebate

Under Section 142.822, taxpayers may seek a refund for the additional tax authorized under Section 142.803.3. Such refunds may be claimed in July through September of the year following the fiscal year in which the motor fuel tax was paid.

B&P estimated the following net effects (fuel tax increase plus refund claims) for SB 262 (2021):

Table 4: Motor Fuel Tax Increase Revenue by Fiscal Year

Fuel Type	FY 2022	FY 2023		FY 2024	
		High Refunds	Low Refunds	High Refunds	Low Refunds
Motor Fuel Tax Revenue	\$77,064,843	\$205,506,248	\$205,506,248	\$308,259,373	\$308,259,373
Tax Exemption Refund	\$0	(\$78,058,726)	(\$11,708,809)	(\$156,117,452)	(\$23,417,618)
Total Revenue	\$77,064,843	\$127,447,522	\$193,797,440	\$152,141,920	\$284,841,755

Table 4: Motor Fuel Tax Increase Revenue by Fiscal Year (cont.)

Fuel Type	FY 2025		FY 2026		FY 2027	
	High Refunds	Low Refunds	High Refunds	Low Refunds	High Refunds	Low Refunds
Motor Fuel Tax Revenue	\$411,012,497	\$411,012,497	\$513,765,621	\$513,765,621	\$513,765,621	\$513,765,621
Tax Exemption Refund	(\$234,176,179)	(\$35,126,427)	(\$312,234,905)	(\$46,835,236)	(\$390,293,631)	(\$58,544,045)
Total Revenue	\$176,836,318	\$375,886,070	\$201,530,716	\$466,930,385	\$123,471,990	\$455,221,577

B&P notes that the first motor fuel tax refund claims would be received in July through September 2022, for the first \$0.025 increase that went into effect on October 1, 2021. B&P further notes that this proposal would become effective on August 28, 2022. For the purpose of this fiscal note, B&P assumes that individuals who were going to apply for the refunds between August 28, 2022 and September 30, 2022 will speed up their refund requests to July 1, 2022 through August 27, 2022. However, it is possible that some individuals will not submit their refund claims before this proposal were to take effect. Therefore, actual refunds may be less than the estimates shown below. Table 5 shows the estimated net fuel tax collections from this proposal.

Table 5: Proposed Motor Fuel Tax and Refund Impact

Fuel Type	FY 2023*	FY 2024		FY 2025	
		High Refunds	Low Refunds	High Refunds	Low Refunds
Motor Fuel Tax Revenue	(\$170,157,254)	(\$308,259,373)	(\$308,259,373)	(\$411,012,497)	(\$411,012,497)
Tax Exemption Refund	\$0	\$156,117,452	\$23,417,618	\$234,176,179	\$35,126,427
Total Revenue	(\$170,157,254)	(\$152,141,920)	(\$284,841,755)	(\$176,836,318)	(\$375,886,070)

*Assumes all refund claims for FY 2022 tax increase arrive before August 28, 2022.

Table 5: Proposed Motor Fuel Tax and Refund Impact

Fuel Type	FY 2026		FY 2027	
	High Refunds	Low Refunds	High Refunds	Low Refunds
Motor Fuel Tax Revenue	(\$513,765,621)	(\$513,765,621)	(\$513,765,621)	(\$513,765,621)
Tax Exemption Refund	\$312,234,905	\$46,835,236	\$390,293,631	\$58,544,045
Total Revenue	(\$201,530,716)	(\$466,930,385)	(\$123,471,990)	(\$455,221,577)

Summary

Based on the above information, B&P estimates that this proposal may reduce revenues to the State Road Fund by \$124,214,796 and to local funds by \$45,942,469 in FY 2023. Once SB 262 (2021) would have been fully implemented (FY 2027) B&P estimates that this proposal could result in forgone revenues of \$90,134,553 to \$332,311,751 to the State Road Fund and \$33,337,437 to \$122,909,826 to local fuel tax funds.

Table 6: Total Proposed Revenue Impact by Fund

State Fund	FY 2023*	FY 2024		FY 2025	
		High Refunds	Low Refunds	High Refunds	Low Refunds
State Road Fund	(\$124,214,796)	(\$111,063,602)	(\$207,934,481)	(\$129,090,512)	(\$274,396,831)
Local Funds					
CART	(\$20,418,871)	(\$18,257,030)	(\$34,181,011)	(\$21,220,358)	(\$45,106,328)
Other	(\$25,523,588)	(\$22,821,288)	(\$42,726,263)	(\$26,525,448)	(\$56,382,911)
Total Local	(\$45,942,459)	(\$41,078,318)	(\$76,907,274)	(\$47,745,806)	(\$101,489,239)

*Assumes all refund claims for FY22 tax increase arrive before August 28, 2022.

Table 6: Total Proposed Revenue Impact by Fund

State Fund	FY 2026		FY 2027	
	High Refunds	Low Refunds	High Refunds	Low Refunds
State Road Fund	(\$147,117,423)	(\$340,859,181)	(\$90,134,553)	(\$332,311,751)
Local Funds				
CART	(\$24,183,686)	(\$56,031,646)	(\$14,816,639)	(\$54,626,589)
Other	(\$30,229,607)	(\$70,039,558)	(\$18,520,799)	(\$68,283,236)
Total Local	(\$54,413,293)	(\$126,071,204)	(\$33,337,437)	(\$122,909,826)

Officials from the **Department of Revenue (DOR)** assume the following regarding this proposal:

This proposal repeals the motor fuel tax increases and the refund of the motor fuel tax rate increase created in SB 262 (2021).

Under SB 262, the existing \$0.17 per gallon motor fuel tax rate was to be increased \$0.025 cents a year for the next six years. The increase was scheduled as follows:

Table 1: Motor Fuel

Date (FY)	Additional Tax	Total Motor Fuel Tax
10/21 - 06/22 (FY22)	\$0.025	\$0.195
07/22 - 06/23 (FY23)	\$0.050	\$0.220
07/23 - 06/24 (FY24)	\$0.075	\$0.245
07/24 - 06/25 (FY25)	\$0.100	\$0.270
07/25 and on (FY26+)	\$0.125	\$0.295

This first increase under SB 262 started October 1, 2021. This proposal does not have a specific effective date listed. Therefore, it is assumed this proposal would become effective on August 28, 2022. By August 28th, the second rate increase of \$0.22 per gallon will be in effect. This proposal would remove the language from statutes that allowed for the increases and reset the motor fuel tax at \$0.17 per gallon.

At the time of passage of SB 262, DOR used information from its records, to determine the number of gallons of gasoline sold in the past, to calculate the following future impact.

Table 2: Motor Fuel Tax Increase Revenue by Fiscal Year

Fuel Type	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Gasoline	\$56,218,955	\$149,917,213	\$224,875,820	\$299,834,427	\$374,793,033	\$374,793,033
Diesel	\$20,845,888	\$55,589,035	\$83,383,553	\$111,178,070	\$138,972,588	\$138,972,588
Total	\$77,064,843	\$205,506,248	\$308,259,373	\$411,012,497	\$513,765,621	\$513,765,621

By the time this proposal would go into effect, the FY 2022 money will have all been collected and distributed to the funds that were scheduled to receive the funding. This proposal would stop the increasing tax rate after two months in FY 2023 (August 2022). Therefore the original projected increases would now be considered forgone revenue rather than actual losses. The impact would be as follows:

Table 3: Proposed Motor Fuel Tax Impact

Fuel Type	FY 2023 (10 Months)	FY 2024	FY 2025	FY 2026	FY 2027
Gasoline	(\$124,130,052)	(\$224,875,820)	(\$299,834,427)	(\$374,793,033)	(\$374,793,033)
Diesel	(\$46,027,202)	(\$83,383,553)	(\$111,178,070)	(\$138,972,588)	(\$138,972,588)
Total	(\$170,157,254)	(\$308,259,373)	(\$411,012,497)	(\$513,765,621)	(\$513,765,621)

SB 262 allowed a taxpayer to apply for a refund of the increased motor fuel tax. The refund request was allowed to be filed between July 1st and September 30th of the following fiscal year. That means that the \$0.025 increase that went into effect from October 1, 2021 to June 30, 2022 could be claimed between July 1, 2022 and September 30, 2022. DOR originally assumed the following impact for SB 262 and its projected refunds:

Table 4: Motor Fuel Tax Increase Revenue by Fiscal Year

Fuel Type	FY 2022	FY 2023		FY 2024	
		High Refunds	Low Refunds	High Refunds	Low Refunds
Motor Fuel Tax Revenue	\$77,064,843	\$205,506,248	\$205,506,248	\$308,259,373	\$308,259,373
Tax Exemption Refund	\$0	(\$78,058,726)	(\$11,708,809)	(\$156,117,452)	(\$23,417,618)
Total Revenue	\$77,064,843	\$127,447,522	\$193,797,440	\$152,141,920	\$284,841,755

Table 4: Motor Fuel Tax Increase Revenue by Fiscal Year (continued)

Fuel Type	FY 2025		FY 2026		FY 2027	
	High Refunds	Low Refunds	High Refunds	Low Refunds	High Refunds	Low Refunds
Motor Fuel Tax Revenue	\$411,012,497	\$411,012,497	\$513,765,621	\$513,765,621	\$513,765,621	\$513,765,621
Tax Exemption Refund	(\$234,176,179)	(\$35,126,427)	(\$312,234,905)	(\$46,835,236)	(\$390,293,631)	(\$58,544,045)
Total Revenue	\$176,836,318	\$375,886,070	\$201,530,716	\$466,930,385	\$123,471,990	\$455,221,577

While this proposal will remove the refund language from statutes, starting August 28, 2022, it is assumed that taxpayers who wish to receive a refund of the first year's tax increase will all file before August 28, 2022. However, if not all submit refund requests, this could result in estimates

being different than originally projected. Removing the refund language from statutes is expected to result in a savings to the state of the refunds starting with FY 2023 not being paid out.

The motor fuel tax is split between the State Road Fund (73%), cities (15%) and counties (12%). This would be a loss of revenue to each of these funds.

Table 5: Total Proposed Revenue Impact by Fund

State Fund	FY 2023*	FY 2024		FY 2025	
		High	Low	High	Low
State Road Fund	(\$125,214,796)	(\$111,063,602)	(\$207,934,481)	(\$129,090,512)	(\$274,396,831)
Local Funds					
CART	(\$20,418,871)	(\$18,257,030)	(\$34,181,011)	(\$21,220,358)	(\$45,106,328)
Other	(\$25,523,588)	(\$22,821,288)	(\$42,726,263)	(\$26,525,448)	(\$56,382,911)
Total Local	(\$45,942,459)	(\$41,078,318)	(\$76,907,274)	(\$47,745,806)	(\$101,489,239)

Table 5: Total Proposed Revenue Impact by Fund (cont.)

State Fund		FY 2026		FY 2027	
		High	Low	High	Low
State Road Fund		(\$111,063,602)	(\$207,934,481)	(\$129,090,512)	(\$274,396,831)
Local Funds					
CART		(\$18,257,030)	(\$34,181,011)	(\$21,220,358)	(\$45,106,328)
Other		(\$22,821,288)	(\$42,726,263)	(\$26,525,448)	(\$56,382,911)
Total Local		(\$41,078,318)	(\$76,907,274)	(\$47,745,806)	(\$101,489,239)

SB 262 gave DOR statutory authority to create an electronic filing system to process motor fuel tax refund requests. Currently the refund process for those who use the fuel, other than on the highway, is to submit an application for refund form and their receipts. It is a manual process. Given the volume of refunds expected under SB 262, DOR was allowed to create a new electronic refund filing system. The new electronic filing system is still being developed for use by filers with the July 1, 2022 refund filing period opening. Per SB 262, the new system was to handle both the new refund requests as well as the non-highway use requests. While this proposal would remove the new refund process, the non-highway use refund process would still be allowed.

DOR notes OA-ITSD services will be required at a cost of **\$52,121** in FY 2023 (548.64 hours x \$95 per hour).

Oversight notes 23 FTE were estimated to be needed by DOR to process the refunds indicated in SB 262. Oversight inquired of DOR and found that the FTE were not going to be hired until July 2022 when funding was made available. For fiscal note purposes, Oversight will reflect a cost avoidance due to DOR not having to hire additional FTE.

Officials from the **Missouri Highway Patrol (MHP)** assume a savings of \$49,625 annually in fuel costs to the Patrol based on the Patrol's FY 2021 fuel usage of 1,984,995 gallons of fuel.

The breakdown would be 80% paid with Highway Funds, 10% each paid with Gaming and General Revenue funds.

Oversight notes the repeal of the motor fuel tax increase according to this proposal will be August 28, 2022; therefore, Oversight will reflect the cost avoidance to the MHP effective FY 2023 (10 months).

Officials from the **Missouri Department of Transportation (MoDOT)** assume the following regarding this proposal:

This legislation repeals the fuel tax increase and refund provisions of TAFP SS#2 SCS SB 262, passed during the First Regular Session of the 101st General Assembly. As a result of this substantial revenue decrease, the Missouri Highways and Transportation Commission (MHTC) and MoDOT would be forced to alter its financial forecast and allocation of financial resources to Missouri regions.

The 2023-2027 Statewide Transportation Improvement Program (STIP) is MoDOT's capital improvement plan currently under development. It is estimated to be an approximately \$1.53 billion per year investment into the State Highway System, or \$7.65 billion over the entire five-year STIP cycle.

This estimate assumes the receipt of the new monies resulting from SB 262, minus an estimated 20 percent of the proceeds refunded to highway users. (\$1.156 billion estimated net revenue decrease over fiscal years 2023 to 2027)

Since HB 1594 would repeal SB 262, these state monies would not be collected from highway users. The post-HB 1594 STIP would likely be an annual contractor award between approximately \$795 million to \$1.2 billion due to the substantially lower revenues and potential loss of federal funds. This wide range is due to uncertainty as to whether MHTC would issue additional Amendment 3 Bond Debt. The 2023-2027 STIP contractor awards would be sized at \$3.975 billion to \$6.06 billion, depending upon MHTC debt usage decisions. Without the new monies generated from SB 262, the Commission would be unlikely to issue debt. To do so, it would need a stable, sufficiently sized revenue stream to match approximately \$1.5 billion in federal funds that could be forfeited otherwise.

The revenue losses are estimated for capital planning purposes and expand beyond three years. MoDOT defers to the Department of Revenue (DOR) for the base loss of state revenues and for the substantial loss of revenues to cities and counties. MoDOT notes that the losses to the State, cities, and counties would likely make both the Governor's and the MoDOT Cost Share programs financially unviable. Political subdivisions would be less likely to have the necessary match for the similar programs.

Officials from the **Missouri Department of Conservation** assume a positive fiscal impact (savings) of approximately \$589,302.13 for all fiscal years. Total approximate fiscal impact per fiscal year, including standard \$.17 fuel tax is as follows:

FY 2022	\$306,437.05
FY 2023	\$345,723.86
FY 2024	385,010.67
FY 2025	\$424,297.47
FY 2026	\$436,584.28.

Without these additional tax increases, the Department will pay approximately \$267,150.24 per fiscal year for the \$.17 fuel tax.

Oversight does not have any information to the contrary in regards to MDC's assumptions; therefore, Oversight will reflect a positive "Unknown" cost avoidance on the fiscal note. Oversight will reflect this potential impact to Various State Funds (includes MDC, DNR, MoDOT, etc. as well as local political subdivisions).

Officials from the **Office of Administration** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight will use the revenue estimates as indicated on the fiscal note for the Truly Agreed To and Finally Passed SB 262 (2021) to reflect the foregone revenue to the State Road fund and local political subdivisions. Oversight ranged the refunds from 20% to 40% of the prior year's revenue on the fiscal note for SB 262.

State Road Fund

	FY 2023 (10 Months)	FY 2024	FY 2025	FY 2026	FY 2027 (Fully Implemented)
Revenue Estimate (From SB 262)	\$93,762,226*	\$187,524,452	\$262,534,232	\$337,544,013	\$375,048,903
Refund Estimates (20% to 40% of estimated prior year revenue)	(\$11,251,467 to \$22,502,934)**	(\$18,752,445 to \$37,504,890)	(\$37,504,890 to \$75,009,781)	(\$52,506,846 to \$135,017,605)	(\$67,508,803 to \$135,017,605)
Total	More or Less than \$71,259,292 To \$82,510,759	More or Less than \$150,019,562 to \$168,772,007	More or Less than \$187,524,451 to \$225,029,342	More or Less than \$202,526,408 to \$285,037,167	More or Less than \$240,031,298 to \$307,540,100

*Revenue amount from SB 262 for FY 2023 was \$112,514,671

(\$112,514,671/12=\$9,376,223*10 months of FY 2023=\$93,762,226)

**Refund range was based on SB 262 revenue amount of \$56,257,336 (9 months of FY 2022, implementation date of 10/1/21)

Local Political Subdivisions

	FY 2023 (10 Months)	FY 2024	FY 2025	FY 2026	FY 2027 (Fully Implemented)
Revenue Estimate (From SB 262)	\$34,679,179	\$69,358,359	\$97,101,702	\$124,845,046	\$138,716,718
Refund Estimates (20% to 40% of estimated prior year revenue)	(\$4,161,501 to \$8,323,003)	(\$6,935,836 to \$13,871,672)	(\$13,871,672 to \$27,743,344)	(\$19,420,340 to \$38,840,681)	(\$24,969,009 To \$49,938,018)
Total	More or Less than \$26,356,176 to \$30,517,678	More or Less than \$55,486,687 to \$62,422,523	More or Less than \$69,358,358 to \$83,230,030	More or Less than \$86,004,365 to \$105,424,706	More or Less than \$88,778,700 to \$113,747,709

*Revenue amount from SB 262 for FY 2023 was \$41,615,015
 (\$41,615,015/12=\$3,467,918*10 months of FY 2023=\$34,679,179)

**Refund range was based on SB 262 revenue amount of \$20,807,507 (9 months of FY 2022, implementation date of 10/1/21)

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 its 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.

<u>FISCAL IMPACT</u> <u>– State</u> <u>Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2027)
GENERAL REVENUE FUND				
Cost – DOR – OA- ITSD services p. 11	(\$52,121)	\$0	\$0	\$0
Cost Avoidance – MHP – decreased motor fuel costs p. 11	\$4,135	\$10,203	\$15,304	\$20,405
Cost Avoidance – DOR – not hiring 23 FTE as indicated by DOR on SB 262 (2021) p. 11	<u>\$1,125,553</u>	<u>\$1,134,230</u>	<u>\$1,143,302</u>	<u>\$1,157,289</u>
FTE Change – DOR	(23 FTE)	(23 FTE)	(23 FTE)	(23 FTE)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$1,077,567</u>	<u>\$1,144,433</u>	<u>\$1,158,606</u>	<u>\$1,177,694</u>
Estimated Net FTE Change to the General Revenue Fund	(23 FTE)	(23 FTE)	(23 FTE)	(23 FTE)

KB:LR:OD

<u>FISCAL IMPACT</u> – <u>State</u> <u>Government</u> (continued)	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2027)
STATE ROAD FUND				
<u>Foregone Revenue</u> – repeal of increased motor fuel tax p. 13	More or Less than (\$71,259,292 to \$82,510,759)	More or Less than (\$150,019,562 to \$168,772,007)	More or Less than (\$187,524,451 to \$225,029,342)	More or Less than (\$240,031,298 to \$307,540,100)
ESTIMATED NET EFFECT ON THE STATE ROAD FUND	More or Less than (\$71,259,292 to \$82,510,759)	More or Less than (\$150,019,562 To \$168,772,007)	More or Less than (\$187,524,451 to \$225,029,342)	More or Less than (\$240,031,298 To \$307,540,100)
OTHER STATE FUNDS				
<u>Cost Avoidance</u> - Various state departments - potential decrease in fuel costs p. 12	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON THE OTHER STATE FUNDS	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

<u>FISCAL IMPACT</u> – Local Government	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2027)
CITIES AND COUNTIES				
<u>Foregone Revenue</u> – repeal of increased motor fuel tax p. 13	More or Less than (\$26,356,176 to \$30,517,678)	More or Less than (\$55,486,687 to \$62,422,523)	More or Less than (\$69,358,358 to \$83,230,030)	More or Less than (\$88,778,700 to \$113,747,709)
ESTIMATED NET EFFECT ON CITIES AND COUNTIES	More or Less than (\$26,356,176 to \$30,517,678)	More or Less than (\$55,486,687 to \$62,422,523)	More or Less than (\$69,358,358 to \$83,230,030)	More or Less than (\$88,778,700 to \$113,747,709)

FISCAL IMPACT – Small Business

Small businesses could pay less for motor fuel as a result of this proposal.

FISCAL DESCRIPTION

This act repeals a portion of the tax on motor fuel, and the exemption and refund process applicable to that portion.

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

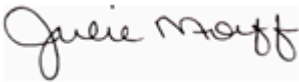
L.R. No. 3735S.01I

Bill No. SB 811

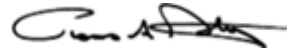
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February 8, 2022

Department of Revenue
Office of Administration - Budget and Planning
Missouri Department of Conservation
Missouri Department of Transportation
Missouri Highway Patrol
Office of Administration
Office of the Secretary of State
Joint Committee on Administrative Rules



Julie Morff
Director
February 8, 2022



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Assistant Director
February 8, 2022