

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1614-02
Bill No.: SB 459
Subject: Transportation; Taxation & Revenue—General; Motor Fuel; MoDOT
Type: Original
Date: February 19, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$0	(\$118,260)	(\$61,667,000)
Highway & Road Funds	\$0	\$29,147,000	\$120,836,000
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$29,028,740	\$59,169,000

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$12,492,000	\$25,358,000

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Transportation (MoDOT)** assume the proposal will result in increased revenues generated by the motor fuel tax increase. MoDOT assumes the revenue gains will be realized beginning January 1, 2003, following the November, 2002 election. Also, MoDOT assumes it will avoid a loss of revenue through the elimination of the sunset clause for the six cent portion of the motor fuel tax set to expire April 1, 2008. MoDOT estimates revenue growth at 1.5%.

Officials with the **Office of Administration–Division of Budget & Planning (BAP)** make substantially the same estimates, assuming a growth factor of 1.5% and that collections begin January 1, 2003.

MoDOT also notes that this legislation reduces other state agencies appropriations from the State Highways & Transportation Department Fund by one-third of FY 2001 (capped) appropriations, beginning in FY 2004, with other agencies receiving no appropriations from the fund in FY 2006. Current appropriations to other agencies are capped at \$185,000,000. This would provide a savings to the fund of \$61.7 million in FY 2004. Figures provided by BAP agree with MoDOT's estimate. This item is addressed further below.

The two cent fuel tax increase is expected by MoDOT to generate \$83.3 million per annum. This will provide increased revenue of \$41,639,000 in FY 2003 and \$84,527,000 in FY 2004. Distribution of these funds is governed by Art. IV, Sect. 30(a) of the Missouri Constitution. Figures provided by BAP agree with MoDOT's estimate. MoDOT assumes repeal of the sunset clause for the six cent portion of the motor fuel tax set to expire in 2008 will have a long-term fiscal impact by avoiding a loss of \$276 million per annum. BAP did not address this item in their response.

Officials with the **Department of Revenue (DOR)** assume the motor fuel tax increase will require mailing approximately 800 letters to retailers. DOR does not provide the cost for this requirement. **Oversight** assumes the fiscal impact will be minimal.

Officials with the **Department of Revenue** and the **Office of the State Auditor** assume the proposal will require replacement of appropriations from the State Highways and Transportation Fund from General Revenue. **Oversight** assumes that the \$185 million in appropriations from the State Highways and Transportation Fund to other state agencies will generally be replaced with General Revenue and has shown the one-third reduction in the amount FY 2001 estimated appropriations as a savings to the State Highway & Transportation Fund and a cost to General Revenue.

DESCRIPTION

Officials with the **Office of the State Treasurer**, the **Department of Natural Resources**, the **Department of Public Safety–Missouri State Highway Patrol**, and the **Department of Economic Development–Division of Motor Carrier & Railroad Safety**, all responded to previous similar legislation, noting that their agencies’ funding would be reduced as a result of the proposal. **Oversight** assumes the funding to these agencies would generally be replaced by General Revenue and has shown the one-third reduction in FY 2001 estimated appropriations as a savings to the State Highway & Transportation Fund and a cost to General Revenue.

Oversight assumes advertisement costs for the **Office of the Secretary of State (SOS)** for the proposal would be \$4,380 per newspaper column inch for three printings of the text of the proposal, the introduction, title, fiscal note summary, and affidavit. The proposal would be on the ballot for the November 2002 general election.

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003 (6 Mo.)	FY 2004
GENERAL REVENUE FUND			
<u>Costs–SOS</u>			
Election: Newspaper Advertisements	\$0	(\$118,260)	\$0
<u>Losses–Various State Agencies</u>			
Funding to State Agencies Receiving Appropriations from Highway Fund	<u>\$0</u>	<u>\$0</u>	<u>(\$61,667,000)</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>\$0</u>	<u>(\$118,260)</u>	<u>(\$61,667,000)</u>
HIGHWAY & ROAD FUNDS			
<u>Revenue–MoDOT</u>			
Two Cent Motor Fuel Tax Increase (70%)	\$0	\$29,147,000	\$59,169,000
<u>Savings–MoDOT</u>			
Reduced Funding to Other State Agencies	<u>\$0</u>	<u>\$0</u>	<u>\$61,667,000</u>
ESTIMATED NET EFFECT TO HIGHWAY & ROAD FUNDS	<u>\$0</u>	<u>\$29,147,000</u>	<u>\$120,836,000</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2002	FY 2003 (6 Mo.)	FY 2004
<u>Income—Cities</u>			
Two Cent Motor Fuel Tax Increase (15%)	\$0	\$6,246,000	\$12,679,000
<u>Income—Counties</u>			
Two Cent Motor Fuel Tax Increase (14.75%)	\$0	\$6,142,000	\$12,468,000
<u>Income—City of St. Louis</u>			
Two Cent Motor Fuel Tax Increase (0.25%)	<u>\$0</u>	<u>\$104,000</u>	<u>\$211,000</u>
ESTIMATED NET EFFECT TO LOCAL GOVERNMENT	<u>\$0</u>	<u>\$12,492,000</u>	<u>\$25,358,000</u>

FISCAL IMPACT - Small Business

This proposal will have a direct fiscal impact on small businesses by increasing fuel taxes.

DESCRIPTION

This act increases the motor fuel tax by 2 cents beginning January 1, 2003. This act also removes the sunset on the six cent tax increase which was due to expire in 2008.

This act also phases out the amount received by other state agencies from the State Highways and Transportation Fund by 1/3 each year for three years beginning in fiscal year 2004, with no funds received by other state agencies in fiscal year 2006.

The increases in the motor fuel tax and the amount no longer used by other state agencies must be used for projects listed in the 1992 Plan.

This act contains a referendum clause.

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
 Division of Budget & Planning
Department of Revenue
Office of the State Auditor

NOT RESPONDING

Office of the Secretary of State
Office of the State Treasurer
Department of Natural Resources
Department of Economic Development
 Division of Motor Carrier & Railroad Safety
Department of Public Safety
 Missouri State Highway Patrol



Jeanne Jarrett, CPA
Director
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