

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1614-07
Bill No.: SCS for SB's 459, 305, 396, & 450
Subject: Transportation; Transportation Department; Motor Fuel; Aircraft & Airports
Type: Original
Date: March 12, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$0	\$0	(\$104,665,750)
School District Trust Fund	\$0	\$0	(\$20,862,500)
State Highway & Road Funds	\$0	\$0	\$107,597,000
Aviation Trust Fund	\$0	\$0	\$2,500,000
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	(\$15,431,250)

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	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Transportation (MoDOT)** assume the proposal would remove the sunset provision on Section 144.805, RSMo, eliminate highway fund transfers to other state agencies, except for the Highway Patrol, and re-direct one-half of the motor vehicle sales tax not designated in Article IV, Section 30(b) of the Missouri Constitution (an increase from 2% of the 4% tax rate to 3% of the 4% tax rate).

Officials with the **Office of Administration–Division of Budget & Planning (BAP)** assume the proposal will result in additional revenues to the Department of Transportation.

MoDOT estimates the redirection of 1% of the sales tax on motor vehicles will provide an additional \$83.5 million per annum to the State Road Fund. **BAP** assumes the redirection will result in an additional \$73.5 million to the fund, offset by a \$63 million loss to the General Revenue Fund and a \$10.5 million loss to the School District Trust Fund. **Oversight** notes that the figure provided by MoDOT appear consistent with previous responses to similar legislation, and has used figures as they have provided. Also, Oversight assumes this provision is effective July 1, 2003 that the gain to the road fund will be offset by a 0.75% loss to General Revenue and a 0.25% loss to the School District Trust Fund.

Oversight notes that the estimated \$20.9 million loss to the School District Trust Fund will affect the foundation formula, where a 50% deduction is taken for monies received from the fund. As a result, an additional \$10.5 million annually will be required for the formula, which Oversight has shown as a cost to General Revenue.

MoDOT assumes the proposal will eliminate Highway & Transportation Department Fund transfers to other state agencies (currently totaling \$185 million), except the Highway Patrol (currently receiving \$113 million), for a net amount of \$72.4 million, to be reduced over a three year period. The provision will eliminate one-third of the amount for fiscal year 2004, or \$24.1 million. In FY 2005, another \$24.1 million would be reduced, followed by another \$24.1 million cut in FY 2006, at which point no transfers to other state agencies, except the Highway Patrol, would occur. Figures provided by **BAP** agree with these assumptions. **Oversight** assumes the other state agencies would generally receive funding from General Revenue, and has shown a cost to that fund in the fiscal impact section.

Finally, **MoDOT** notes that the proposal removes the sunset clause for Section 144.805, RSMo. MoDOT assumes the removal of that clause allows the \$5 million annual credit to the Aviation Trust Fund to continue. **Oversight** notes that previous responses to similar legislation from

MoDOT have indicated that only one airline would pay taxes on jet fuel in excess of the existing \$1.5 million cap. If the sunset clause were not deleted, the airline would pay an estimated

ASSUMPTION (continued)

additional \$10 million annually. Oversight has shown this amount, as well as the \$5 million gain to the Aviation Trust Fund, as a loss of \$15 million annually to General Revenue, effective December 31, 2003.

Officials with the **Department of Revenue**, the **Department of Natural Resources**, the **Department of Public Safety–Division of Highway Safety**, the **Office of the State Auditor**, and the **Office of the State Treasurer** assume the proposal will mean a loss of funding from the Highway & Transportation Department Fund. **Oversight** assumes, as noted above, this funding would generally be replaced by General Revenue.

Officials with the **Department of Economic Development** noted in response to similar previous legislation that the proposal would mean a loss of funding from the Highway & Transportation Department Fund. **Oversight** assumed this funding would be replaced by General Revenue.

The **Department of Public Safety–Missouri State Highway Patrol** assumes the proposal will have no fiscal impact to their agency, as an exclusion for Patrol funding is specifically included in the bill.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
GENERAL REVENUE FUND			
<u>Loss–All State Agencies</u>			
Revenue from Redirection of Sales Tax on Motor Vehicles (.75%)	\$0	\$0	(\$62,587,500)
<u>Loss–All State Agencies</u>			
Removal of Sunset Clause Jet Fuel Tax Exemption	\$0	\$0	(\$7,500,000)
<u>Cost–Various State Agencies</u>			
Reimbursement of Appropriations Previously Received from Highway Fund	\$0	\$0	(\$24,147,000)
<u>Cost–DESE</u>			
Additional Funding Required for the Foundation Formula	<u>\$0</u>	<u>\$0</u>	<u>(\$10,431,250)</u>

FISCAL IMPACT - State Government

FY 2002
(10 Mo.)

FY 2003

FY 2004

**ESTIMATED NET EFFECT TO
GENERAL REVENUE FUND**

\$0

\$0

(\$104,665,750)

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
SCHOOL DISTRICT TRUST FUND			
<u>Loss-DESE</u>			
Revenue from Redirection of Sales Tax on Motor Vehicles (25%)	<u>\$0</u>	<u>\$0</u>	<u>(\$20,862,500)</u>
STATE ROAD FUND/HIGHWAY & TRANSPORTATION DEPT. FUND			
<u>Revenues-MoDOT</u>			
Revenue from Redirection of Sales Tax on Motor Vehicles	\$0	\$0	\$83,450,000
<u>Savings-MoDOT</u>			
Appropriations Previously Made from Highway Fund	<u>\$0</u>	<u>\$0</u>	<u>\$24,147,000</u>
ESTIMATED NET EFFECT TO STATE ROAD FUND/HIGHWAY & TRANSPORTATION DEPT. FUND	<u>\$0</u>	<u>\$0</u>	<u>\$107,597,000</u>
AVIATION TRUST FUND			
<u>Revenues-MoDOT</u>			
Continuing Contributions due to Removal of Sunset Clause	<u>\$0</u>	<u>\$0</u>	<u>\$2,500,000</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This act repeals sunset clause on the aviation fuel exemption and credit to aviation trust fund (Section 144.805). This act phases out the amount of appropriations from the State Highways and Transportation Department Fund to other state agencies, except for the Highway Patrol. By

fiscal year 2006, state agencies, except for the Highway Patrol, will no longer receive funding from this source (Section 226.200). Appropriations no longer going to these agencies will

DESCRIPTION (continued)

be used to fund projects according to the 1992 Plan. Beginning July 1, 2003, one half of the un-designated portion of the sales tax on motor vehicles not distributed pursuant to the constitution shall be credited to the State Road Fund. The proceeds are to be used to fund projects according to the 1992 Plan (Section 226.227).

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
Department of Public Safety
 Division of Highway Safety
 Missouri State Highway Patrol
Department of Natural Resources
Office of the State Treasurer
Office of the State Auditor

NOT RESPONDING

Department of Economic Development



Jeanne Jarrett, CPA
Director

March 12, 2001