

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2161-01
Bill No.: SB 611
Subject: Transportation; Transportation Dept.; Roads & Highways
Type: Original
Date: March 26, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$0	(\$35,446,250)	(\$258,018,750)
School District Trust Fund	\$0	(\$10,127,500)	(\$20,862,500)
State Road/Highway & Transportation Dept. Funds	\$0	\$40,510,000	\$268,450,000
Total Estimated Net Effect on <u>All</u> State Funds	\$0	(\$5,063,750)	(\$10,431,250)

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 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Office of Administration–Division of Budget & Planning (BAP)** and the **Department of Transportation (MoDOT)** assume the proposal will result in savings and new revenues to MoDOT through the elimination of transfers to other state agencies from the State Highway & Transportation Department Fund and by re-directing a portion of the unallocated revenues from the sales tax on motor vehicles to transportation.

BAP and **MoDOT** estimate the elimination of transfers to other state agencies from the Highway Fund will result in a savings to the Department of \$185 million annually, beginning in FY 2004. BAP assumes most programs currently receiving these appropriations will be funded by General Revenue and has estimated an equal cost to that fund to offset the savings realized.

BAP assumes the re-direction of one-half of the proceeds of the sales tax on motor vehicles not distributed pursuant to subsection 2 of section 30(b) of Article IV of the constitution will provide an additional \$126 million annually to the State Road Fund. This is based on re-direction of the entire amount (1.5% of sales) currently distributed to General Revenue.

MoDOT assumes the re-direction will provide an additional \$83.4 million annually to transportation. This is based on re-direction of 1% of sales from other funds to the State Road Fund. The re-direction is assumed to be effective January 1, 2003.

Oversight assumes the proposal re-directs proceeds arising from 1% of sales from other funds to the State Road Fund. A loss to General Revenue of .75% of sales and to the School District Trust Fund of .25% of sales is assumed. This indicates an additional \$83.4 million annually to the State Road Fund, offset by a loss to General Revenue of \$62.5 million, and to the School District Trust Fund of \$20.9 million. Additionally, the loss to the School District Trust Fund will require an increase in funding under the foundation formula, as it includes a 50% reduction for monies received by school districts from the School District Trust Fund. Oversight assumes this \$10.5 million cost will be borne by General Revenue.

Officials with the **Department of Elementary & Secondary Education** assume no fiscal impact as a result of the proposal, but, as indicated above, **Oversight** assumes the School District Trust Fund will experience a loss.

Officials with the **Department of Conservation** are unsure whether the proposal will impact the agency's funding from sales taxes on motor vehicles. **Oversight** assumes the proposal does not affect sales taxes enacted for conservation, state parks, or water & soil.

ASSUMPTION (continued)

Officials with the **Department of Public Safety–Missouri State Highway Patrol**, the **Department of Revenue**, the **Department of Economic Development**, the **Department of Natural Resources**, the **Office of the State Treasurer**, and the **Office of the State Auditor** assume the proposal will result in a loss of funding to their offices. As discussed above, **Oversight** assumes this funding must be replaced by General Revenue, and has shown an additional cost to that fund to offset the savings to the Highway Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
	(10 Mo.)		
GENERAL REVENUE FUND			
<u>Loss</u> –Various State Agencies			
Revenue from Redirection of Sales Tax on Motor Vehicles (.75%)	\$0	(\$30,382,500)	(\$62,587,500)
<u>Cost</u> –Various State Agencies			
Reimbursement of Appropriations Previously Made from Highway Fund	\$0	\$0	(\$185,000,000)
<u>Cost</u> –DESE			
Additional Funding Required Under the Foundation Formula	\$0	(\$5,063,750)	(\$10,431,250)
ESTIMATED NET EFFECT TO GENERAL REVENUE FUND:	<u>\$0</u>	<u>(\$35,446,250)</u>	<u>(\$258,018,750)</u>
SCHOOL DISTRICT TRUST FUND			
<u>Loss</u> –DESE			
Revenue from Redirection of Sales Tax on Motor Vehicles (.25%)	<u>\$0</u>	<u>(\$10,127,500)</u>	<u>(\$20,862,500)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
STATE ROAD/HIGHWAY & TRANSPORTATION DEPT. FUNDS			
<u>Revenues—MoDOT</u>			
Redirection of Motor Vehicle Sales Tax	\$0	\$40,510,000	\$83,450,000
<u>Savings—MoDOT</u>			
Appropriations Previously Made from Highway Fund	\$0	\$0	\$185,000,000
ESTIMATED NET EFFECT TO STATE ROAD/HIGHWAY & TRANSPORTATION DEPT. FUNDS:	<u>\$0</u>	<u>\$40,510,000</u>	<u>\$268,450,000</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 eliminates funding to other state agencies from the State Highways and Transportation Department Fund beginning July 1, 2003. The funds previously going to these agencies will go to the State Road Fund to build and repair roads. This provision of the act is contingent upon a constitutional amendment being approved by the Missouri people. This act also diverts the money currently going to general revenue and the school district trust fund from the sales tax on motor vehicles to the State Road Fund.

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

Office of Administration–Division of Budget & Planning
Department of Transportation
Department of Elementary & Secondary Education
Department of Conservation
Department of Revenue
Department of Public Safety–Missouri State Highway Patrol
Department of Economic Development–Division of Motor Carrier & Railroad Safety
Department of Natural Resources
Office of the State Treasurer
Office of the State Auditor



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