

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3307-04
Bill No.: SB 970
Subject: Transportation Dept.
Type: Original
Date: January 28, 2002

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON STATE FUNDS | | | |
|---------------------------------------------------------------------|---------------------------------|---------------------------------|---------------------------------|
| FUND AFFECTED | FY 2003 | FY 2004 | FY 2005 |
| ROAD FUND | (Unknown) to Unknown | (Unknown) to Unknown | (Unknown) to Unknown |
| | | | |
| Total Estimated Net Effect on <u>All</u> State Funds | (Unknown) to Unknown | (Unknown) to Unknown | (Unknown) to Unknown |

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|-----------------------------------------------------------------------|------------|------------|------------|
| FUND AFFECTED | FY 2003 | FY 2004 | FY 2005 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--------------------------------------------|------------|------------|------------|
| FUND AFFECTED | FY 2003 | FY 2004 | FY 2005 |
| Local Government | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Revenue (DOR), Department of Economic Development – Division of Motor Carrier and Railroad Safety (MCRS), and the Office of Administration (COA)** assume the proposal will have no fiscal impact to their agency.

Officials with the **Department of Transportation (MoDOT)** assume the proposal will have a fiscal impact upon MoDOT; however, whether the impact will be positive or negative is unknown. The legislation will remove the requirement that highway projects must be bid in 10-mile increments. It is unknown at this time whether the elimination of this requirement will result in any cost savings for highway projects. In addition, the legislation will authorize (not require) MoDOT to enter into three pilot projects that would test the "design/build" concept of bidding highway projects. If MoDOT chooses not to exercise this authority, the fiscal impact of the legislation would be zero. If MoDOT does choose to exercise its authority, it is unclear whether any cost savings will result from the proposal. The pilot projects are targeted to specific areas of the state, which could significantly affect the cost of the projects. However, the interstate pilot project authorized by the bill is limited to a cost of \$125 million. The proposal also requires MoDOT to pay a "reasonable" stipend to any responsive bidder for the design/build projects. It is unclear what a "reasonable" stipend might be.

MoDOT notes they would also be required to comply with extensive reporting requirements for the design-build projects that could increase the costs of the projects. It is possible that any cost savings achieved through the design/build concept could be at least partially negated by the increased reporting costs.

MoDOT also notes that removing the sunset clause that would allow the \$0.06 fuel tax increase to expire April 1, 2008 will prevent the loss of fuel tax revenues as follows: FY 2008 – \$20,837,000; FY 2009 – \$253,047,000.

Officials with the **Office of the Secretary of State (SOS)** assume the proposal repeals the sunset on motor fuel tax and allows the Department of Transportation to engage in design-build contracts. The Missouri Highway and Transportation Commission may promulgate rules to implement this bill.

Based on experience with other divisions, the rules, regulations, and forms issued by the Missouri Highways and Transportation Commission could require as many as approximately 24 pages in the Code of State Regulations. For any given rule, roughly one and a half as many pages (36) are published in the Missouri Register as in the Code because cost statements, fiscal notes, and the like are not repeated in Code. The estimated cost of a page in the Missouri

ASSUMPTION (continued)

Register is \$23. The estimated cost of a page in the Code of State Regulations is \$27. Therefore, the printing costs for the Missouri Register are \$828 (\$23 x 36). The printing costs for the Code are \$648 (\$27 x 24). The total printing costs are then \$1,476 (\$648 + \$828). These costs are estimated.

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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

| <u>FISCAL IMPACT - State Government</u> | FY 2003 (10 Mo.) | FY 2004 | FY 2005 |
|------------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| ROAD FUND | | | |
| <u>Savings</u> – MoDOT | | | |
| Design-build Contracts | <u>Unknown</u> | <u>Unknown</u> | <u>Unknown</u> |
| <u>Costs</u> – MoDOT | | | |
| Pilot Projects | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
| ESTIMATED NET EFFECT TO ROAD FUND | <u>(Unknown) to Unknown</u> | <u>(Unknown) to Unknown</u> | <u>(Unknown) to Unknown</u> |
| <u>FISCAL IMPACT - Local Government</u> | | | |
| | FY 2003 (10 Mo.) | FY 2004 | FY 2005 |
| | <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 proposal removes the 2008 sunset on the 6-cent gas tax and eliminates the requirement that road projects be bid in sections not to exceed 10 miles. The proposal also authorizes MoDOT to enter into three pilot design-build projects within the next ten years.

DESCRIPTION (Continued)

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
Department of Revenue
Department of Economic Development
 Division of Motor Carrier and Railroad Safety
Office of Administration
Office of the Secretary of State



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Acting Director
January 28, 2002