

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2588-05
Bill No.: Perfected SCS for SJR 44
Subject: Constitutional Amendments: Roads and Highways
Type: Original
Date: February 18, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(\$73,680)	(\$12,148,536)	(\$24,297,072)
Total Estimated Net Effect on General Revenue Fund	(\$73,680)	(\$12,148,536)	(\$24,297,072)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Highway Fund	\$0	\$12,148,536	\$24,297,072
State Highway Patrol Safety Fund*	unknown	unknown	unknown
Road Fund	unknown	unknown	unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to unknown	\$12,148,536 to unknown	\$24,297,072 to unknown

* – State Highway Patrol Safety Fund would be created by adoption of this proposal.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	unknown	unknown	unknown

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Natural Resources** (DNR) noted that their core budget from the Highway Fund was \$80,997. Monies are used to review environmental impact statements for transportation projects. A 20% reduction in FY06 would cost DNR \$16,199; an additional 20% reduction in FY07 would cost \$32,399.

Officials of the **Department of Public Safety – Missouri State Highway Patrol** (MSHP) were unable to determine the amount of additional revenue, if any, that would be generated by the 5% of motor vehicle registration fee increases to be deposited into the “State Highway Patrol Safety Fund.” Presently, 100% of such increases are distributed to counties (10%), cities (15%), and the State Road Fund (75%).

Officials of the **Department of Revenue** stated that their agency would lose \$9,547,203 in general revenue funds in FY06, and \$19,094,406 in FY07.

ASSUMPTION (continued)

Officials of the **State Treasurer's Office** stated that their agency would lose \$97,529 in FY 06 and \$99,967 in FY 07. However, **Oversight** assumes the loss of an additional 20% of funding in FY07, increasing the loss in that year to \$195,058.

The **Office of Administration – Division of Budget and Planning** (OA) stated that their agency receive \$11,903,133 in highway monies in FY04 that would be impacted by this proposal. **Oversight** assumes a loss of \$2,380,627 in FY06 and \$4,761,253 in FY07.

Office of Secretary of State officials stated that advertisement costs for the proposal would be \$3,684 per column inch for three printings of the text of the proposal, the introduction, fiscal note summary, and affidavit. The proposal would be on the ballot for the November 2004 general election.

OA also indicated that the **State Auditor's Office** also received \$534,890 in highway funds in FY04. **Oversight** assumes a loss of \$106,978 in FY06 and \$213,956 in FY07.

For fiscal note purposes, Oversight assumes that Highway Fund savings will be “made up” to agencies from the General Revenue Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2005	FY 2006	FY 2007
GENERAL REVENUE FUND			
<u>Cost to Secretary of State</u>			
Newspaper Advertisements	(\$73,680)	\$0	\$0
<u>Cost – Various Agencies to replace</u>			
Highway Fund moneys	\$0	(\$12,148,536)	(\$24,297,072)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$73,680)</u>	<u>(\$12,148,536)</u>	<u>(\$24,297,072)</u>
HIGHWAY FUND			
<u>Savings – Various State Agencies</u>	\$0	\$12,148,536	\$24,297,072
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>\$0</u>	<u>\$12,148,536</u>	<u>\$24,297,072</u>

ROAD FUND

<u>Cost</u> – From lost motor vehicle registration fee increases	unknown	unknown	unknown
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ESTIMATED NET EFFECT ON ROAD FUND	<u>unknown</u>	<u>unknown</u>	<u>unknown</u>
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STATE HIGHWAY PATROL SAFETY FUND*

<u>Revenue</u> – From motor vehicle registration fee increases	unknown	unknown	unknown
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ESTIMATED NET EFFECT ON ROAD FUND	<u>unknown</u>	<u>unknown</u>	<u>unknown</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2005	FY 2006	FY 2007
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<u>Cost</u> – From lost motor vehicle registration fee increases	<u>unknown</u>	<u>unknown</u>	<u>unknown</u>
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FISCAL IMPACT - Small Business

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

DESCRIPTION

This legislation would change the disbursement of transportation funding with respect to various state agencies. In the first fiscal year following voter adoption of the proposal, state road funds received by state agencies, with exceptions, would be phased out at a rate of 20% per year. Those exceptions include:

- The costs of maintaining highway-related activities of the Missouri Highways and Transportation Commission (MHTC) and MoDOT including workers' compensation and retirement programs.
- Costs incurred by OA for or on behalf of MSHP and employees of MHTC and MoDOT.
- Costs incurred by MSHP for administering and enforcing state motor vehicle laws or traffic regulations.
- Any refunds related to motor fuel taxes, motor sales taxes, motor vehicle registration fees, or other state revenue derived from highway users.

The proposal would also change the distribution of motor vehicle sales tax proceeds. This change would be phased in starting in the fifth year after voter adoption of the proposal. Currently, one-half of proceeds from motor vehicle sales taxes are credited to state road funds and one-half to the General Revenue Fund. Under terms of this proposal, the portion of motor vehicle sales taxes allocated to the General Revenue Fund would be shifted to the state road funds at rate increasing by 10% per year.

This legislation states that the amount of proceeds credited to the State Road Fund will not include any revenues derived from the one-cent sales tax, Proposition C (approved by voters in 1982).

The proposal provides that beginning in the first year after voter adoption, five percent of any increase in state motor vehicle registration fees on motor vehicles, trailers, motorcycles, mopeds, and motortricycles shall be credited to a State Highway Patrol Safety Fund, which is to be established by the state treasury. The purpose of this fund is to cover the costs of administering and enforcing state laws and regulations, and it shall be exhausted prior to any appropriations being made to MSHP.

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 Natural Resources
Department of Public Safety – Missouri State Highway Patrol
Office of Secretary of State
Department of Revenue
Department of Transportation
State Treasurer's Office
Office of Administration – Division of Budget and Planning



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Director
February 18, 2004