

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3541-27
Bill No.: Truly Agreed to and Finally Passed CCS for HS for SCS for SB's 915, 710 & 907
Subject: Transportation
Type: Original
Date: May 24, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$242,970)	(\$73,455,342)	(\$73,455,342)
State Road	\$152,889,053	\$448,518,792	\$456,789,558
State Transportation	\$23,856,958	\$59,546,968	\$61,928,847
Missouri Qualified Fuel Ethanol Producer Incentive	\$1,192,848	\$2,977,348	\$3,096,442
Missouri Qualified Biodiesel Producer Incentive	\$1,192,848	\$2,977,348	\$3,096,442
Total Estimated Net Effect on <u>All</u> State Funds	\$178,888,737	\$440,565,114	\$451,455,947

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

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$24,337,264	\$59,562,970	\$60,703,299

FISCAL ANALYSIS

ASSUMPTION

SECTION 142.803 - Removal of Sunset Clause for the 1992 motor fuel tax increase and four cent (\$.04) motor fuel tax increase

Officials with the **Department of Transportation (MoDOT)** notes that the proposal would remove the sunset clause for the previously approved \$0.06 fuel tax increase that is currently scheduled to expire on April 1, 2008

MoDOT anticipates as a long term implication the removal of the sunset clause would be to prevent the loss of fuel tax revenues as follows: FY 2008--\$20,837,000; FY 2009--\$253,047,000.

Officials of the **Office of Administration's Division of Budget and Planning** estimated net gallons of motor fuel sales for FY 2003 of 3,949,463,106 and assumed sales would increase 1.5% per year. A one-cent increase in motor fuel tax would yield an additional \$39,494,631 in FY 2003. The additional money would be divided among the state (70% or \$27,646,241), cities (15% or \$5,924,195) and counties (15% or \$5,924,195). This proposal would include a four-cent motor fuel tax increase. Oversight assumes five (5) months collections in FY 2003.

SECTION 144.020 - Sales/Use Tax Increase

Officials of the **Office of Administration's Division of Budget and Planning** have estimated that a one percent (1%) increase in sales tax would yield \$648,233,000, of which \$75,666,000 would be due to taxes on motor vehicles. **Oversight** assumes collections for the general part of a 1/2% sales tax for five months of FY 2003 would be \$119,284,792 and would be distributed as follows in FY 2003:

State Transportation Fund (20%) - \$23,856,958

Fuel Producer Incentive Funds (2%) - \$2,385,696

State Road Fund (78%) - \$93,042,138

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ASSUMPTION (continued)

Distribution of the sales taxes derived from motor vehicle sales (\$15,763,750) would be distributed pursuant to subsection 3 of section 30(b) of Article IV of the Missouri Constitution:

State Road Fund (75%) - \$11,822,813

Cities (15%) - \$2,364,563

County Aid Road Trust (10%) - \$1,576,375

Distribution of the use taxes derived from motor vehicle sales (\$2,596,402) would be:

State Road Fund (75%) - \$1,947,032

Cities (15%) - \$389,406

County Aid Road Trust (10%) - \$259,604

Distributions in later years assumes four percent (4%) per year increases in sales tax collections.

SECTION 226.094 - Inspector General

Department of Transportation officials note that the Department already has an Inspector General. Therefore, these provisions would not have a fiscal impact.

SECTION 226.220 - Limits on Highway Fund Expenditures for State Agencies

Officials of the **Department of Transportation** noted that this section would cause savings to the Highway Fund and costs to the General Revenue Fund beginning in FY 2004. Officials estimate that removing the Highway Patrol from the cap on Highway Fund appropriations could, depending upon appropriations, increase costs to the Fund by \$3,783,000 in FY 2004 and \$7,860,000 in FY 2005. Officials from the **Office of Administration's Division of Budget and Planning** estimate a cost shift of \$73,455,342 when the changes are fully phased in. Increased costs to general revenue would be incurred in FY 2004.

SECTION B - Election Clause

Advertisement costs for the proposal are estimated by the **Office of the Secretary of State (SOS)**. Statewide newspaper publications of constitutional amendments cost approximately \$1,157 per newspaper column inch based on estimates provided by the Missouri Press Service, which is then multiplied by three (3) for three multiple printings of the text of the proposal, the ASSUMPTION (continued)

introduction, title, fiscal note summary, and affidavit as required by the Constitution and State Statute. Therefore, the proposal would cost \$3,471 per column inch (\$1,157 x 3). **Oversight** estimates the total number of inches for the amendment to be 70 inches. Therefore, the total cost to the General Revenue Fund would be \$242,970 (\$3,471 x 70). The proposal would be on the ballot for the August, 2002, general primary election.

SECTION D - Referenda on Continuing Sales and Motor Fuel Tax Increases

The election costs for this provision would be outside the time period of the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2003	FY 2004	FY 2005
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GENERAL REVENUE FUND

<u>Cost</u> - Highway Fund Agencies	\$0	(\$73,455,342)	(\$73,455,342)
<u>Cost</u> - Secretary of State Advertisement Costs	<u>(\$242,970)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>(\$242,970)</u>	<u>(\$73,455,342)</u>	<u>(\$73,455,342)</u>

ROAD FUND

<u>Income</u> - "Regular" Sales Tax Increase	\$93,042,138	\$232,233,176	\$241,522,504
<u>Income</u> - "Motor V" Sales Tax Increase	\$11,822,813	\$29,509,741	\$30,690,131
<u>Income</u> - Use Tax Increase	\$1,947,032	\$4,859,792	\$5,054,184
<u>Income</u> - Motor Fuel Tax Increase	\$46,077,070	\$112,243,741	\$113,927,397
<u>Savings</u> - Costs Switched to General Revenue	\$0	\$73,455,342	\$73,455,342
<u>Cost</u> - Highway Patrol Appropriations	<u>\$0</u>	<u>(\$3,783,000)</u>	<u>(\$7,860,000)</u>
ESTIMATED NET EFFECT TO ROAD FUND	<u>\$152,889,053</u>	<u>\$448,518,792</u>	<u>\$456,789,558</u>

STATE TRANSPORTATION FUND

<u>Income</u> - Sales Tax Increase (20%)	\$23,856,958	\$59,546,968	\$61,928,847
ESTIMATED NET EFFECT ON STATE TRANSPORTATION FUND	<u>\$23,856,958</u>	<u>\$59,546,968</u>	<u>\$61,928,847</u>

MISSOURI QUALIFIED FUEL ETHANOL PRODUCER INCENTIVE FUND

<u>FISCAL IMPACT - State Government</u>	FY 2003	FY 2004	FY 2005
<u>Income</u> - Sales Tax Increase (1%)	\$1,192,848	\$2,977,348	\$3,096,442
ESTIMATED NET EFFECT ON MISSOURI QUALIFIED FUEL ETHANOL PRODUCER INCENTIVE FUND	<u>\$1,192,848</u>	<u>\$2,977,348</u>	<u>\$3,096,442</u>
MISSOURI QUALIFIED BIODIESEL PRODUCER INCENTIVE FUND			
<u>Income</u> - Sales Tax Increase (1%)	\$1,192,848	\$2,977,348	\$3,096,442
ESTIMATED NET EFFECT ON MISSOURI QUALIFIED BIODIESEL PRODUCER INCENTIVE FUND	<u>\$1,192,848</u>	<u>\$2,977,348</u>	<u>\$3,096,442</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2003	FY 2004	FY 2005
POLITICAL SUBDIVISIONS			
<u>Cities: Income</u> - Sales and Use Tax Increases	\$2,753,969	\$6,873,906	\$7,126,363
<u>Counties: Income</u> - Sales and Use Tax Increases	\$1,835,979	\$4,584,604	\$4,750,908
<u>Cities: Income</u> - Motor Fuel Tax (15%)	\$9,873,658	\$24,052,230	\$24,413,014
<u>Counties: Income</u> - Motor Fuel Tax (15%)	\$9,873,658	\$24,052,230	\$24,413,014
ESTIMATED NET EFFECT TO CITIES AND COUNTIES	<u>\$24,337,264</u>	<u>\$59,562,970</u>	<u>\$60,703,299</u>

FISCAL IMPACT - Small Business

Small businesses which make sales or purchases at retail would be affected by this proposal.

DESCRIPTION

This proposal would remove the 2008 sunset on the 6-cent motor fuel tax, increase the motor tax an additional four cents and would increase the state's sales and use tax by one-half of one percent. The proposal specifies the distribution and uses of the additional funds.

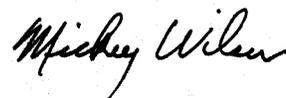
The proposal would authorize the Department of Transportation to have an Inspector General and would specify powers and duties of the Inspector General

This proposal contains an election clause.

This proposal is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This proposal would not affect Total State Revenue.

SOURCES OF INFORMATION

Office of Administration - Division of Budget and Planning
Department of Transportation
Department of Revenue
Secretary of State



Mickey Wilson, CPA
Acting Director
May 24, 2002