

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4195-01
Bill No.: HB 1540
Subject: Motor Fuel; Revenue Dept.; Taxation and Revenue - General
Type: Original
Date: April 4, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Road Fund	(\$682,258)	(\$1,023,386)	(\$1,023,386)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$682,258)	(\$1,023,386)	(\$1,023,386)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Transportation (MoDOT)** assume this proposal exempts motor fuel used for certain public transportation purposes from motor fuel tax.

MoDOT's current funding has been committed to projects over the next 5 years in the Statewide Transportation Improvement Program. Any decrease in funding will hamper the MoDOT's ability to fulfill its commitments. A loss in transportation funding also could mean the MoDOT's bonding efforts could be jeopardized. Any impact to Missouri highway revenues could invoke concern among bondholders, which would cause interest rates on future bonds to increase.

The effective date August 28, 2006; total transit bus travel based on FY05; transit buses average 5 miles per gallon.

ASSUMPTION (continued)

Estimate of State fuel Tax by Missouri Transit Agencies

	Miles	M.P.G.	Gallons	State Tax Rate	State Tax
Bi-State METRO	17,200,050	4	4,300,013	.17	\$ 731,002
Metrobus	6,250,000	6	1,041,667	.17	\$ 177,083
Call-A-Ride Paratransit	10,500,000	4	2,625,000	.17	\$ 446,250
Springfield City Utilities	1,011,052	4	252,763	.17	\$ 42,970
Total					\$1,397,305

The negative fiscal impact for FY07 will only be for 8 months (November - June) due to the two month lag in the collection of motor fuel tax. $(\$1,397,305 \times 8/12) = \$931,538$

Officials from the **Department of Revenue (DOR)** assume this proposal exempts from tax all motor fuel sold to be used by an interstate transportation authority, a city transit authority, or a city utilities board, as defined in Section 94.600, RSMo, to operate a public mass transportation facility.

The excise tax section will have additional refunds to process due to this exemption, this may impede process time. DOR currently does not track fuel usage, therefore, cannot determine the loss of fuel tax revenues the state will experience due to this exemption.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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ROAD FUND

<u>Loss of Revenue - Department of Transportation</u>	<u>(\$682,258)</u>	<u>(\$1,023,386)</u>	<u>(\$1,023,386)</u>
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ESTIMATED NET EFFECT ON ROAD FUND	<u>(\$682,258)</u>	<u>(\$1,023,386)</u>	<u>(\$1,023,386)</u>
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ASSUMPTION (continued)

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
<u>Savings</u> - Exempt Motor Fuel			
Motor Fuel Tax - Cities	\$139,731	\$209,596	\$209,596
Motor Fuel Tax - Counties	<u>\$109,549</u>	<u>\$164,323</u>	<u>\$164,323</u>
Total <u>Savings</u>	<u>\$249,280</u>	<u>\$373,919</u>	<u>\$373,919</u>
 Loss - Exempt Motor Fuel			
Motor Fuel Tax - Cities	(\$139,731)	(\$209,596)	(\$209,596)
Motor Fuel Tax - Counties	<u>(\$109,549)</u>	<u>(\$164,323)</u>	<u>(\$164,323)</u>
Total <u>Loss</u>	<u>(\$249,280)</u>	<u>(\$373,919)</u>	<u>(\$373,919)</u>
 ESTIMATED NET EFFECT ON LOCAL FUNDS	 <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.

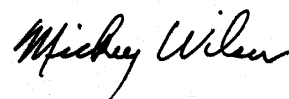
DESCRIPTION

This bill authorizes an exemption from the motor fuel tax for motor fuel sold for use by an interstate transportation authority, a city transit authority, or a city utilities board to operate a public mass transportation facility.

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



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