

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0950-01
Bill No.: HB 468
Subject: Motor Fuel; Revenue Department; Taxation and Revenue- General
Type: Original
Date: February 14, 2007

Bill Summary: This proposal exempts motor fuel used in school buses from motor fuel tax when driven to transport students for educational purposes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Road Fund	(\$1,887,000)	(\$2,287,000)	(\$2,310,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$1,887,000)	(\$2,287,000)	(\$2,310,000)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government*	\$1,887,000	\$2,287,000	\$2,310,000

* Net effect of losses to Cities and Counties and savings to School Districts.

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education (DESE)** and **Missouri Department of Transportation (MoDOT)** assume this proposal would create a savings to school districts and a loss to state revenues. DESE calculated the total miles traveled by school district owned and contracted buses was 126,067,918 for the 2005-2006 school year. By dividing total miles by an average of 7 miles per gallon, this yields 18,009,703 gallons of fuel used annually. Multiplying gallons of fuel used by 17 cents per gallon (the current Missouri fuel tax) results in an estimated annual fuel tax exemption for school districts of \$3,062,000. Adding the 1% growth rate the impact would be in FY 2008 \$2,577,000; FY 2009 \$3,122,000; FY 2010 \$3,154,000. These figures include the lost revenue to cities and counties.

The above estimate assumes that school bus contractors have arrangements or can make arrangements so that the Missouri fuel tax will not be paid by the school bus contractors thereby reducing the cost of bus transportation to school districts. For example, it is a practice by some school districts to purchase the fuel used by contractors.

Officials at the **Department of Revenue** states there is no impact on Taxation. Even though school districts are exempt from federal tax, they are not exempt from state fuel tax. Taxation currently collects approximately \$800,000 to \$1,000,000 a year in state tax on dyed diesel fuel sold to school districts. It would create a loss of these revenues.

Oversight assumes this proposal is a loss to the Road Fund.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

ASSUMPTION (continued)

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.

Officials at the **University of Missouri, Truman State University, Linn State Technical College, University of Central Missouri, Metropolitan Community College, Lincoln University, University of Central Missouri, Missouri State University** each assume that there is no fiscal impact to their respective institutions from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
ROAD FUND			
<u>Loss</u> - Road Fund			
Motor fuel tax	<u>(\$1,887,000)</u>	<u>(\$2,287,000)</u>	<u>(\$2,310,000)</u>
ESTIMATED NET EFFECT ON ROAD FUND	<u>(\$1,887,000)</u>	<u>(\$2,287,000)</u>	<u>(\$2,310,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
SCHOOL DISTRICTS			
<u>Savings</u> - School Districts			
Motor fuel tax	\$2,577,000	\$3,122,000	\$3,154,000
COUNTIES			
<u>Loss</u> - Counties			
Motor fuel tax	(\$303,000)	(\$367,000)	(\$371,000)
CITIES			
<u>Loss</u> - Cities			
Motor fuel tax	<u>(\$387,000)</u>	<u>(\$468,000)</u>	<u>(\$473,000)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$1,887,000</u>	<u>\$2,287,000</u>	<u>\$2,310,000</u>

FISCAL IMPACT - Small Business

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

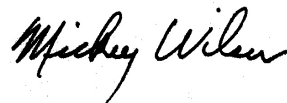
FISCAL DESCRIPTION

This bill exempts fuel used in school buses from the motor fuel tax when the bus is driven to transport students for educational purposes.

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

Missouri Department of Transportation
Department of Revenue
Department of Elementary and Secondary Education
Office of the Secretary of State
University of Missouri
Truman State University
Linn State Technical College
University of Central Missouri
Metropolitan Community College
Lincoln University
University of Central Missouri
Missouri State University



Mickey Wilson, CPA
Director
February 14, 2007