

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2368-01  
Bill No.: HB 1157  
Subject: Taxation and Revenue - General; Motor Fuel; Transportation; Counties  
Type: Original  
Date: April 10, 2019

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Bill Summary: This proposal creates a procedure for the establishment of special transportation funding districts consisting of one or more counties.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Special Transportation Funding Districts Fund	\$0 or Unknown or Up to \$277,270,000	\$0 or Unknown or Up to \$277,270,000	\$0 or Unknown or Up to \$277,270,000
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 or Unknown or Up to \$277,270,000</b>	<b>\$0 or Unknown or Up to \$277,270,000</b>	<b>\$0 or Unknown or Up to \$277,270,000</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Local Government</b>	<b>\$0 or Unknown or Up to \$118,830,000</b>	<b>\$0 or Unknown or Up to \$118,830,000</b>	<b>\$0 or Unknown or Up to \$118,830,000</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Department of Transportation (MoDOT)** defer to the Department of Revenue for the fiscal impact of this proposal. MoDOT states it would not cost the department to establish special transportation funding districts if counties apply for this designation.

Officials from the **Office of Administration - Budget and Planning (BAP)** assume this proposal directs MoDOT to establish by rule special transportation funding districts containing one or more counties, and limits counties to participation in only one special transportation funding district.

Those counties must submit to voters a motor fuel sales tax of four cents on motor fuel purchased within the district for roads and bridges and 70% to the special transportation funding districts fund for state highway system construction and maintenance. These funds are in addition to state road funds and are to stand appropriated.

This proposal will not directly impact Total State Revenue (TSR) or the calculation under Article X, Section 18(e) because the four-cent motor fuel sales tax will be voter-approved.

BAP defers to MoDOT on any specific revenue estimates and fiscal impacts.

Officials from the **Department of Revenue** and **Office of the State Treasurer** each assume the proposal will have no fiscal impact on their respective organizations.

**Oversight** notes that the agencies mentioned above have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Officials from the **Office of the Secretary of State (SOS)** assume 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 \$5,000. 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.

ASSUMPTION (continued)

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.

**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 require additional resources.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

**Oversight** assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

Officials from **St. Louis County** state since the proposed gas tax would only occur upon application by a specific county to levy such a text, and the outcome of any future election cannot be predicted, the economic impact of this proposal is unknown. Because the proposal specifies that the vote would occur at a general election, there should be no cost for the election.

Officials from the **City of Kansas City** assume this proposal could have a positive fiscal impact, assuming a county in the city requests the election and voters approve.

**Oversight** notes the chart below shows the amount of motor fuel tax collected and number of gallons sold statewide on motor fuel each of the last five fiscal years.

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Motor Fuel Tax Collected	\$710,035,563	\$734,682,957	\$725,918,660	\$704,792,974	\$704,921,584
Gallons	4,176,679,783	4,321,664,453	4,270,109,765	4,145,841,024	4,146,597,553

Source: Department of Revenue's Annual Report

ASSUMPTION (continued)

For informational purposes, **Oversight** notes for a ‘typical’ Missouri county, the amount of revenue generated by a 4% sales tax on motor fuel could be over \$3.45 million in new revenue.

	<u>1 county</u>	<u>statewide (all)</u>
Average gallons sold in Missouri per year	4,250,000,000	4,250,000,000
Divided by the number of counties/St. Louis City	÷ 115	÷ 1
average gallons sold per ‘typical’ county (or statewide)	37,000,000	4,250,000,000
Current price per gallon of motor fuel		
(includes higher grades & diesel)	\$2.70	\$2.70
Less state excise taxes	(\$0.17)	(\$0.17)
Less federal excise tax (\$0.18 on gas & \$0.244 on diesel)	(\$0.20)	(\$0.20)
Assumed taxable price per gallon	\$2.33	\$2.33
Taxable sales of fuel per county (37m. gallons x \$2.33)	\$86,210,000	\$9,902,500,000
Sales tax rate in HB 1157	4%	4%
Tax generated	\$3.45 million	\$396.1 million
30% to counties/cities	\$1.03 million	\$277.27 mil.
70% to Special Transportation Funding Districts	\$2.42 million	\$118.83 mil.

**Oversight** assumes there will be no fiscal impact of this proposal unless counties request to establish a special transportation funding district and voters approve the tax increase. However, if all counties request to establish a transportation funding district and voters approve the tax increase for all counties, the revenue impact would be “Up to \$396.1 million” (4.25 billion gallons of fuel x \$2.33 assumed taxable price per gallon x 4%) with 70% (\$277.27 million) to the new state Special Transportation Funding Districts Fund and 30% (\$118.83 million) to political subdivisions.

**Oversight** also notes there is conflicting information in the proposal. Section 226.199.2(1), RSMo., states a “sales tax of four cents”, while Section 226.199.2(2) states a “sales tax of four percent”. Therefore, Oversight will reflect a “\$0 or Unknown or Up to \$396.1 million” fiscal impact to the Special Transportation Funding Districts Fund and to local Special Transportation Funding Districts depending upon which counties apply for this designation from MoDOT and receive voter approval for the additional sales tax.

FISCAL IMPACT - State Government

FY 2020  
(10 Mo.)

FY 2021

FY 2022

**SPECIAL TRANSPORTATION  
FUNDING DISTRICTS FUND**

Revenue - (70%) if counties apply to be a special transportation funding district and voters approve the fuel tax increase

\$0 or  
Unknown or Up  
to \$277,270,000

\$0 or  
Unknown or Up  
to \$277,270,000

\$0 or  
Unknown or Up  
to \$277,270,000

**ESTIMATED NET EFFECT ON THE  
SPECIAL TRANSPORTATION  
FUNDING DISTRICTS FUND**

**\$0 or  
Unknown or  
Up to  
\$277,270,000**

**\$0 or  
Unknown or  
Up to  
\$277,270,000**

**\$0 or  
Unknown or  
Up to  
\$277,270,000**

FISCAL IMPACT - Local Government

FY 2020  
(10 Mo.)

FY 2021

FY 2022

**LOCAL POLITICAL SUBDIVISIONS**

Revenue - (30%) if counties apply to be a special transportation funding district and voters approve the fuel tax increase

\$0 or  
Unknown or  
\$118,830,000

\$0 or  
Unknown or  
\$118,830,000

\$0 or  
Unknown or  
\$118,830,000

**ESTIMATED NET EFFECT ON  
LOCAL POLITICAL SUBDIVISIONS**

**\$0 or  
Unknown or  
\$118,830,000**

**\$0 or  
Unknown or  
\$118,830,000**

**\$0 or  
Unknown or  
\$118,830,000**

FISCAL IMPACT - Small Business

Small businesses could pay more for motor fuel as a result of this proposal.

FISCAL DESCRIPTION

This bill allows one or more counties to apply and form a special transportation funding district in accordance with the Department of Transportation rules which would be authorized to submit a proposal to the voters of the district to levy a four cent fuel tax on the district for a period of 10 years.

FISCAL DESCRIPTION (continued)

The bill specifies the distribution of these revenues with 30% provided to political subdivisions within the district where they originate and the remaining 70% provided to a the newly created "Special Transportation Funding Districts Fund," to be used for the construction and maintenance of state highways within the respective district from which the funds originate. A county may only be a member of one transportation district.

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  
Office of Administration - Budget and Planning  
Office of the State Treasurer  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
City of Kansas City  
St. Louis County



Kyle Rieman  
Director  
April 10, 2019

Ross Strobe  
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April 10, 2019