

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5467H.011  
 Bill No.: HJR 128  
 Subject: Motor Fuel; Taxation and Revenue - General; Motor Vehicles; Counties; Property,  
 Real and Personal  
 Type: Original  
 Date: February 21, 2024

Bill Summary: This joint resolution proposes a constitutional amendment relating to motor fuel tax proceeds.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	\$0 or (More than \$8,020,000)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (More than \$8,020,000)</b>	<b>\$0</b>	<b>\$0</b>

\*The potential fiscal impact of “(More than \$8,000,000)” would be realized only if a special election were called by the Governor to submit this joint resolution to voters.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
State Road Fund	\$0	\$0 or (\$3,626,991 to \$4,887,436)	\$0 or (\$7,253,982 to \$9,774,871)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0 or (\$3,626,991 to \$4,887,436)</b>	<b>\$0 or (\$7,253,982 to \$9,774,871)</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<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 \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0*</b>	<b>\$0 or \$3,626,991 to \$4,887,436</b>	<b>\$0 or \$7,253,982 to \$9,774,871</b>

\*FY 2025 - Transfer out and transfer in net to zero if the Governor calls a special election.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Missouri Department of Transportation (MoDOT)** assume this proposed constitutional amendment would have a negative fiscal impact to the Missouri Highways and Transportation Commission and the Missouri Department of Transportation by amending distribution of the motor fuel tax for an additional one percent of proceeds to go to counties based on numbers of acres of agricultural property. MoDOT defers to the Department of Revenue to estimate this impact.

Officials from the **Department of Revenue (DOR)** assume the following regarding this proposal:

If approved by voters at the November 2024 general election or at a special election called for this purpose, this proposal would change the distribution of the motor fuel tax. If this is not adopted by the voters, there will be no fiscal impact. If adopted, it is assumed that based on the certification date of this proposal, it would become effective January 1, 2025.

Currently all motor fuel tax money is collected by DOR and distributed according to the following:

- 10% to the counties
- 0.8% to St. Louis City
- 15% to the cities
- 74.2% to the State Road Fund.

This proposal would modify the State Road Fund portion. This would give 73.2% to the State Road Fund and the remaining 1% would be distributed to counties based on their number of agricultural acres.

This proposal would not change the amount of funds remitted to DOR just which fund it will be distributed. In FY 2023, DOR distributed the following amount of motor fuel taxes:

Transfer to MODOT	\$725,398,230.62	74.2%
Transfer to the Locals	\$252,088,898.84	25.8%

The Locals portion was distributed as:

Cities	\$146,623,069.42	15%
Counties	\$97,748,712.95	10%
St. Louis City	\$7,717,116.48	0.8%

Therefore, under this proposal the new 1% tax would generate \$7,253,982.31 to the counties with agricultural land, while the State Road Fund would lose that amount.

DOR would need to work with the State Tax Commission to get the assessed agricultural acres by Missouri county.

With this becoming effective on January 1, 2025, if adopted, DOR notes there may not be enough time to get all the required information and reprogram the apportionment database.

DOR notes that this would require computer changes to the motor fuel apportionment system to add this new 1% tax to counties. These changes are estimated at **\$20,000**. It is unclear how often this system will need to be updated as agricultural land is often converted to commercial or residential land. We assume this may have to be updated every 2 years with reassessment.

DOR notes that a notice would need to go out to the counties educating them on the change to their distribution.

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the computer programming changes as indicated by DOR.

Oversight assumes the 1% to counties based on assessed agricultural acreage indicated in this proposal would be calculated from the total amount collected (not just the State Road Fund portion). This would equate to \$9,774,871 (11% of the total amount collected in FY 2023). Therefore, Oversight will range the fiscal impact of the redistribution of revenue from the State Road Fund to counties from \$0 (voters do not approve the constitutional amendment) to the estimates as provided by DOR (\$7,253,982) up to Oversight's estimate (\$9,774,871) (if voters approve the constitutional amendment).

Officials from the **Office of Administration - Budget and Planning (B&P)** assume the following regarding this proposal:

This proposal requires voter approval at the next general election. B&P notes that the next general election is in November 2024. For the purpose of this fiscal note, B&P assumes that if voter approved, this proposal would become effective January 2025.

This proposal would distribute an additional 1% of motor fuel tax revenues to counties. The additional monies will be distributed to each county based on their ratio of acres of agriculture land to the total number of acres of agriculture land in Missouri.

In FY 2023, \$977,487,129 in motor fuel taxes were collected. Of this amount \$252,088,899 was distributed to cities and counties and \$725,398,231 was transferred to the State Road Fund. B&P notes that this proposal would divert 1% of the State Road Fund deposits to counties. Therefore, B&P estimates that this proposal could reduce the State Road Fund by \$7,253,982 annually. B&P notes that this proposal would increase local distributions by the same amount annually.

Officials from the **Missouri Department of Agriculture** and **Missouri Highway Patrol** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from **Office of the Secretary of State (SOS)** assume, each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Joint Resolutions proposing a constitutional amendment are submitted to a vote of the people at the next general election. Article XII section 2(b) of the Missouri Constitution authorizes the governor to order a special election for constitutional amendments referred to the people. If a special election is called to submit a Joint Resolution to a vote of the people, section 115.063.2 RSMo requires the state to pay the costs. The cost of the special election has been estimated to be \$8 million based on the cost of the 2022 primary and general election reimbursements.

The Secretary of State's office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

For the FY25 petitions cycle, the SOS estimates publication costs at \$60,000 per page. This amount is subject to change based on number of petitions received, length of those petitions and rates charged by newspaper publishers.

The Secretary of State's office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, the SOS reserves the right to request funding to meet the cost of the publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

**Oversight** has reflected, in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2025. This reflects the decision made by the Joint Committee on Legislative Research that the cost of the elections should be shown in the fiscal note.

The next scheduled statewide general election is in November 2024 (FY 2025). It is assumed the subject within this proposal could be on this ballot; however, it could also be on a special election called for by the Governor (a different date). Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2025.

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, county commissioners were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025	FY 2026 (6 Mo.)	FY 2027
<b>GENERAL REVENUE</b>			
<u>Cost – DOR – programming changes</u>	\$0 or (\$20,000)	\$0	\$0
<u>Transfer Out - SOS - reimbursement of local election authority election costs if a special election is called by the Governor</u>	\$0 or (More than <u>\$8,000,000</u> )	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0 or (More than <u>\$8,020,000</u>)</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>STATE ROAD FUND</b>			
<u>Transfer Out – additional 1% to counties</u>	<u>\$0</u>	\$0 or <u>(\$3,626,991 to \$4,887,436)</u>	\$0 or <u>(\$7,253,982 to \$9,774,871)</u>
<b>ESTIMATED NET EFFECT ON THE STATE ROAD FUND</b>	<b><u>\$0</u></b>	<b>\$0 or <u>(\$3,626,991 to \$4,887,436)</u></b>	<b>\$0 or <u>(\$7,253,982 to \$9,774,871)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025	FY 2026 (6 Mo.)	FY 2027
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Transfer In</u> - Local Election Authorities - reimbursement of election costs by the State for a special election	\$0 or More than \$8,000,000	\$0	\$0
<u>Costs</u> - Local Election Authorities - cost of a special election <b>if</b> called for by the Governor	\$0 or (More than \$8,000,000)	\$0	\$0
<u>Transfer In</u> – additional 1% from State Road Fund	\$0	\$0 or \$3,626,991 to \$4,887,436	\$0 or \$7,253,982 to \$9,774,871
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0</b>	<b>\$0 or \$3,626,991 to \$4,887,436</b>	<b>\$0 or \$7,253,982 to \$9,774,871</b>

FISCAL IMPACT – Small Business

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

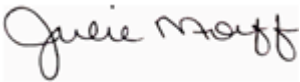
FISCAL DESCRIPTION

Upon voter approval, this Constitutional amendment provides that 1% of the net proceeds of motor vehicle fuel tax in Section 30(a) of Article IV would be apportioned and distributed to counties based upon the ratio of the number of acres of property assessed as agricultural in a county to the number of acres of property assessed as agricultural in the State.

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 Revenue  
Office of Administration - Budget and Planning  
Missouri Department of Agriculture  
Missouri Highway Patrol  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
Missouri Department of Transportation



Julie Morff  
Director  
February 21, 2024



Ross Strobe  
Assistant Director  
February 21, 2024