

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1261-02  
Bill No.: HJR 33  
Subject: Constitutional Amendments; Transportation; Taxation and Revenue - Sales and Use  
Type: Original  
Date: April 27, 2015

Bill Summary: This proposal would submit to the voters a constitutional amendment allocating 0.1% of state sales tax each year to transportation funding.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented
General Revenue	\$0 or (More than \$7,100,000)	\$0 or (\$32,731,334)	\$0 or (\$65,462,668 to \$98,194,002)	\$0 or (\$327,313,340)
<b>Total Estimated Net Effect on General Revenue *</b>	<b>\$0 or (More than \$7,100,000)</b>	<b>\$0 or (\$32,731,334)</b>	<b>\$0 or (\$65,462,668 to \$98,194,002)</b>	<b>\$0 or (\$327,313,340)</b>

\* Proposal could become fully implemented in FY 2022.

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 11 pages.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>Fully Implemented</b>
School District Trust	\$0	\$0 or (\$42,571,011)	\$0 or (\$85,142,022 to \$127,713,033)	\$0 or (\$425,710,110)
State Road	\$0	\$0 or \$75,302,345	\$0 or \$150,604,690 to \$225,97,035	\$0 or \$753,023,450
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0 or \$32,731,334</b>	<b>\$0 or \$65,462,668 to \$98,194,002</b>	<b>\$0 or \$327,313,340</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>Fully Implemented</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</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 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>Fully Implemented</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</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>				
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>Fully Implemented</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

ASSUMPTION (continued)

**Oversight** notes this proposal would require the allocation of one-tenth of one percent of the revenue from the state portion of any general law imposing a sales tax to the State Road Fund, and an additional one-tenth of one percent would be allocated each year so long as net general revenue collected in the previous fiscal year is three percent greater than the highest amount collected in any of the three preceding years, until a maximum of five-tenths of one percent is allocated to the to the state Road Fund.

**Oversight** also noted that the Department of Revenue collected \$1,965,845,886 in sales tax from the 3% general sales tax on behalf of the General Revenue Fund for the year ended June 30, 2014. An additional \$758,001,981 was collected for the School District Trust Fund from the 1% general sales tax for education on food, and an additional \$93,448,240 was collected for the School District Trust Fund from the 1% general sales tax for education on motor vehicle sales for a total of \$851,450,221.

**Oversight** also assumes that sales tax revenues for the Conservation Commission Fund and for the Parks, and Soil and Water Fund, local government sales tax revenue, and sales tax revenues currently allocated to transportation purposes would be excluded from the allocation process.

**Oversight** assumes that revenue for the General Revenue Fund would be reduced in the first step by  $((0.1\% / 3\%) = 3.33\%$  of \$1,965,845,886) = \$65,462,668, and revenue for the School District Trust Fund would be reduced by  $((0.1\% / 1.0\%) = 10\% \times \$851,450,221) = \$85,145,022$ . Revenue for the State Road Fund would be increased by  $(\$65,462,668 + \$85,142,022) = \$150,604,690$ .

ASSUMPTION (continued)

Table of impact by calendar year.

Fund	First six months of first step allocation	Full year first step allocation	Full year second step allocation	Fully Implemented - Fifth step allocation
General Revenue	(\$32,731,334)	(\$65,462,668)	(\$130,925,336)	(\$327,313,340)
School District Trust	(\$42,571,011)	(\$85,142,022)	(\$170,284,044)	(\$425,710,110)
State Road	\$75,302,345	\$150,604,690	\$301,209,380	\$753,023,450

The proposal, if approved by the voters, would begin the allocation as of January 1, 2017.

**Oversight** will assume the net general revenue growth threshold would be met for the first step to be implemented in FY 2017 and will include revenue reductions and additional revenue for six months of FY 2017. Because the allocation steps would be implemented each January 1, each step would be in effect for half the fiscal year in which it was implemented, and half the following year or until the next step was implemented on a subsequent January 1. Therefore, if the net general revenue threshold is met and the second step would be implemented January 1, 2018, the fiscal impact for FY 2018 would include six months of the first year impact and six months of the second year impact.

ASSUMPTION (continued)

Table of six month and full year impact for first two implementation steps.

Fund	First six months allocation FY 2017	First step allocation	Six months of second step allocation	Second step allocation
General Revenue	(\$32,731,334)	(\$65,462,668)	(\$65,462,668)	(\$130,925,336)
School District Trust	(\$42,571,011)	(\$85,142,022)	(\$85,142,022)	(\$170,284,044)
State Road	\$75,302,345	\$150,604,690	\$150,604,690	\$301,209,380

Fund	Six months of first step allocation	Six months of second step allocation	Second fiscal year allocation
General Revenue	(\$32,731,334)	(\$65,462,668)	(\$98,194,002)
School District Trust	(\$42,571,011)	(\$85,142,022)	(\$127,713,033)
State Road	\$75,302,345	\$150,604,690	\$225,907,035

All allocations will be shown as \$0 (the proposition is not approved by the voters) or the calculated amount. The fiscal impact for FY 2018 will be shown as the full first step allocation (threshold not met a second time) to half of the first step plus half the second step (threshold met).

**Oversight** notes that School District Trust Fund monies are distributed to public school districts, but is not showing that distribution for fiscal note purposes

**Oversight** also assumes that sales tax revenues for the Conservation Commission Fund and for the Parks, and Soil and Water Fund, local government sales tax revenue, and sales tax revenues currently allocated to transportation purposes would be excluded from the allocation process.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** provided the following response to similar language in HJR 68 LR 5302-02 (2014).

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. 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, the Missouri Constitution requires the state to pay the costs. The cost of a special election is estimated to be \$7.1 million, based on analyzing and totaling expense reports received from local election authorities for the 2012 Presidential Preference Primary.

The SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by the Missouri Constitution and state law, and the SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 in even numbered fiscal years. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the number of initiative petitions certified for the ballot. In FY 2013, at the August and November elections, there were 5 statewide Constitutional Amendments or ballot propositions that cost \$2.17 million to publish (an average of \$434,000 per issue).

Therefore, SOS assumes, for the purposes of this fiscal note, that it would have the full appropriation authority it needs to meet the publishing requirements. However, because the publications are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

Officials from the **Office of the State Treasurer** and the **Office of Administration - Division of Accounting** assumed similar provisions in HCS for HJR 23 LR 1168-04 (2013) would have no fiscal impact on their respective agencies.

ASSUMPTION (continued)

**Oversight** has reflected in this fiscal note, the cost to the state for potential reimbursement to local political subdivisions for the cost of having this joint resolution voted on during a special election in fiscal year 2016. 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 general election is in November 2016 (FY 2017). It is assumed the subject within this proposal could be on that ballot; however, it could also be on a special election called for by the Governor. Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2016.

In response to response to similar language in HJR 68 LR 5302-02 (2014) officials from the **Joint Committee on Administrative Rules** assumed the proposal would not have a fiscal impact to their organization in excess of existing resources.

<u>FISCAL IMPACT -</u> <u>State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018	Fully Implemented
<b>GENERAL REVENUE FUND</b>				
<u>Transfer Out</u> - Secretary of State - reimbursement of local election authority election costs if a special election	\$0 or (More than \$7,100,000)	\$0	\$0	\$0
<u>Revenue reduction</u> - Sales taxes going to the State Road Funds	<u>\$0</u>	\$0 or <u>(\$32,731,334)</u>	\$0 or (\$65,462,668 to <u>\$98,194,002)</u>	\$0 or <u>(\$327,313,340)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b>\$0 or (More than <u>\$7,100,000)</u></b>	<b>\$0 or <u>(\$32,731,334)</u></b>	<b>\$0 or (\$65,462,668 to <u>\$98,194,002)</u></b>	<b>\$0 or <u>(\$327,313,340)</u></b>
<b>SCHOOL DISTRICT TRUST FUND</b>				
<u>Revenue reduction</u> - Sales taxes going to the State Road Funds	<u>\$0</u>	\$0 or <u>(\$42,571,011)</u>	\$0 or (\$85,142,022 to <u>(\$127,713,033)</u>	\$0 or <u>(\$425,710,110)</u>
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND</b>	<b><u>\$0</u></b>	<b>\$0 or <u>(\$42,571,011)</u></b>	<b>\$0 or (\$85,142,022 to <u>(\$127,713,033)</u></b>	<b><u>\$0 or (\$425,710,110)</u></b>

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2016 (10 Mo.)	FY 2017	FY 2018	Fully Implemented
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**STATE ROAD FUND**

<u>Additional Revenue - sales tax</u>	<u>\$0</u>	<u>\$75,302,345</u>	<u>\$225,907,035</u>	<u>(\$753,023,450)</u>
			\$0 or \$150,604,690 to	\$0 or
		\$0 or	<u>\$150,604,690</u>	<u>\$0 or</u>
<b>STATE ROAD FUND</b>	<b><u>\$0</u></b>	<b><u>\$75,302,345</u></b>	<b><u>to 225,907,035</u></b>	<b><u>\$753,023,450</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<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.

FISCAL DESCRIPTION

The proposed legislation would submit to the voters a constitutional amendment allocating 0.1% of state sales tax each year to transportation funding.

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

Office of the Secretary of State  
Office of the State Treasurer  
Joint Committee on Administrative Rules  
Office of Administration  
    Division of Accounting



Mickey Wilson, CPA  
Director  
April 27, 2015

Ross Strobe  
Assistant Director  
April 27, 2015