

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3553-01  
Bill No.: HB 1389  
Subject: Transportation; Roads and Highways; Transportation Dept.; Administration  
Type: Original  
Date: February 6, 2002

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON STATE FUNDS</b>                  |                                   |                                   |                                   |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| FUND AFFECTED   | FY 2003                           | FY 2004                           | FY 2005                           |
| General Revenue   | (\$2,393,052)                     | \$0                               | \$0                               |
| State Highway Fund  | (\$518,359)                       | (\$31,826)                        | (\$32,634)                        |
| State Road Fund   | (\$6,819,640)                     | \$5,666,950                       | \$5,840,118                       |
| State Transportation Fund                                   | \$104,000                         | \$213,000                         | \$220,000                         |
| Transportation Sales Tax Fund                               | \$82,685,000                      | \$171,779,000                     | \$178,436,000                     |
| Transportation User Fee Fund                                | \$41,060,769                      | \$170,174,283                     | \$219,576,836                     |
| Toll Road Fund  | (\$80,000,000) to<br>\$80,000,000 | (\$80,000,000) to<br>\$80,000,000 | (\$80,000,000) to<br>\$80,000,000 |
| <b>Total Estimated Net Effect on <u>All</u> State Funds</b> | <b>\$114,118,718</b>              | <b>\$347,801,407</b>              | <b>\$404,040,320</b>              |

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>  | <b>FY 2003</b> | <b>FY 2004</b> | <b>FY 2005</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 LOCAL FUNDS</b> |                    |                     |                     |
|--|--------------------|---------------------|---------------------|
| <b>FUND AFFECTED</b>                       | <b>FY 2003</b>     | <b>FY 2004</b>      | <b>FY 2005</b>      |
| <b>Local Government</b>                    | <b>\$4,390,000</b> | <b>\$19,934,000</b> | <b>\$32,360,000</b> |

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 14 pages.

### **FISCAL ANALYSIS**

#### ASSUMPTION

Officials with the **Department of Corrections (DOC), State Tax Commission (TAX), Department of Conservation (MDC), Department of Public Safety (DPS), Department of Public Safety – Missouri State Highway Patrol, Department of Economic Development – Division of Motor Carrier and Vehicle Safety, and the Missouri House of Representatives** assume the proposal will have no fiscal impact to their agency.

Officials with the **Department of Social Services (DOS)** assume the proposal will have no fiscal impact to their agency. DOS also assumes that any expenses incurred due to the Director's participation on the Missouri Public Capital Investment Board would be assumed by the Office of Administration.

Officials with the **Department of Natural Resources (DNR)** assume the department's average annual fuel consumption for its vehicle fleet is 590,000 gallons. Assuming the department's current rate of fuel consumption continues indefinitely into the future, an increase in the motor fuel tax from \$.17 to \$.18 per gallon on April 1, 2003 will cost the department an additional \$1,475 in fiscal year 2003. An increase from \$.18 to \$.19 on April 1, 2004 will cost the department an additional \$7,375 in fiscal year 2004. An increase from \$.19 to \$.20 on April 1, 2005 will cost the department \$13,275 in fiscal year 2005 and each fiscal year thereafter it will cost the department \$17,700.

**Oversight** also assumes that DNR could absorb the cost of motor fuel tax increases through ASSUMPTION (continued)

DNR's operating budget.

Officials with the **Department of Revenue (DOR)** assume the following:

### **ADMINISTRATIVE IMPACT**

#### **Division of Taxation**

The Business Tax section will have to notify 150,000 businesses of the general revenue tax increase. These notifications will be implemented through updating current forms and billing letters; however, postage will still be required. There will also need to be notification letters sent to the 800 motor fuel licensees and to all cities and counties. A three-cent increase in motor fuel tax will be phased in over three years, one-cent in April 2003, one-cent in April 2004, and one-cent in April 2005. The increase in the motor fuel tax will require changes to approximately four of the reporting forms. Postage will also be required for the 800 motor fuel notifications.

The Division of Taxation will not request additional funds for the forms and billing letters; however, will require postage of \$40,414 for FY03.

#### **Information Technology Bureau (Taxation)**

The MITS system will need program changes, including testing requirements to ensure proper tax rates have been applied to the system, produce a mass mailing utilizing a new form letter to inform taxpayers of the increase in the state sales tax rate and provide new rate card. In addition, these tax increases are deposited to different funds, therefore, revenue generated from the increases will have to be kept separate and tracked. These changes will require 692 hours of programming at a total cost of \$23,085. The state data center charges to implement the proposed legislation are \$4,503.

#### **Division of Motor Vehicle and Drivers Licensing**

##### *Driver and Vehicle Service Bureau*

This proposal will require various changes to the Driver and Vehicle Services Bureau policies, procedures, forms and postage. The DVSB will incur cost in the amount of \$20,458 to ensure these changes on incorporated. (This also includes a forms destruction cost due to current forms inventory and implementation date of this proposal of \$4,412.) The DVSB will also require an additional **Telephone Information Operator** to process incoming calls regarding the fee changes, since there are three separate fee changes.

The sales tax increase will also generate rejects for the improper amount of tax being submitted. This will have **unknown impact** as the DVSB can not determine the number of actual rejects this proposal will generate.

*Information Technology Bureau (Division of Motor Vehicle and Drivers Licensing)*

ASSUMPTION (continued)

Numerous program modifications and significant systems testing must be completed to implement this legislation. The affected systems are the General Registration System (GRS), Field Automated System for Titling and Registration (FASTR), Uniformed Field Office System (UFOS), Missouri Transportation Accounting System (MTAS), Central Driver Information System (CDIS), Missouri Drivers License System (MODL), Over-The-Counter Driver License System (OTC).

GRS, UFOS & MTAS

It is estimated that this legislation will require three additional **Computer Information Technologist III** for six months to handle the extensive changes required to both the renewal pulls from the general registration system and UFOS System and for programming changes to in-house systems because of the prorating fees between years.

FASTR

A cost analysis has been requested from the current contract vendor, UNISYS, Inc. for programming changes necessary to the FASTR system. The vendor has not responded at the time of completion of this fiscal note; therefore, the current cost is unknown.

However, in a similar fiscal note from 2001, the contract vendor estimated that programming modifications would require approximately 1,955 hours at a rate of \$150 per hour. **1,955 x \$150 = \$293,250** FASTR programming costs. In-house testing of this system will require approximately \$25,000 for a Management Analyst II to complete the required testing. **\$25 x 280 = \$7,000**

OTC, CDIS, & MODL

Representatives from the department's current license vendor have indicated it will require approximately 240 hours to make the necessary changes required for the new fees to the Over-The-Counter System (OTC). The current contract rate for programming hours is \$100 per hour. **240 x \$100 = \$24,000** In-house testing of this system will require approximately \$25,000 for a Management Analyst II to complete the required testing. **\$25 x 280 = \$7,000**

*Highway Reciprocity Commission*

The current system used in the Highway Reciprocity Commission to collect fees and generate distributions for interstate use of highways will require complicated programming issues that cannot be accomplished with existing personnel. The current system is antiquated and is written in programming language that no longer current. Because this proposal is extremely complicated due to different effective dates and phase in approach on fees and to effectively implement this legislation the HRC will require five Senior Programmers for 200 hours at a rate of \$71 per hour.

HRC will incur a cost of **\$71,000 to implement this legislation.**

ASSUMPTION (continued)

**REVENUE IMPACT**

*Vehicle Registration Fee Increases*

There would be an increase in revenue from the increase registration fees for the different classes of motor vehicles. The revenue increase is estimated based on statistics from our General Registration System. The estimated revenue impact is as follows: (This proposal does not include passenger motor vehicles)

| <b>FY03 (3 mos)</b> | <b>FY04</b>         | <b>FY05</b>         |
|---------------------|---------------------|---------------------|
| <b>\$25,063,742</b> | <b>\$67,722,008</b> | <b>\$85,663,410</b> |

*Driver License Fee Increases*

There would be an increase in revenue from the increased driver license fees for driver license transactions, new, renewal, duplicates, CDL written and skills tests, permits and motorcycle training courses. The revenue increase is estimated based on statistics from our Missouri Transportation Accounting System. In addition, these projections were made based on the new six year driver's license which went into effect July 1, 2000. The estimated revenue impact is as follows:

| <b>FY03</b>        | <b>FY04</b>        | <b>FY05</b>        |
|--------------------|--------------------|--------------------|
| <b>\$3,003,607</b> | <b>\$7,025,609</b> | <b>\$9,050,340</b> |

*Driver License Reinstatement and Alcohol Fees*

There would be an increase in revenue from the increased driver license reinstatement fees and alcohol fees for driver license suspension reinstatements pursuant to chapter 302. The revenue increase is estimated based on statistics from our Missouri Driver License System. The estimated revenue impact is as follows:

| <b>FY03</b>      | <b>FY04</b>      | <b>FY05</b>        |
|------------------|------------------|--------------------|
| <b>\$294,420</b> | <b>\$883,260</b> | <b>\$1,177,680</b> |

*Highway Reciprocity Commission*

This proposal also increases vehicle registration fees in coordination with the Highway Reciprocity Commission, Interstate Vehicles. The Highway Reciprocity Commission provided the following totals based on the proposed increases to interstate vehicles. The revenue increase for registration fees will not be realized until FY04 because HRC registrations are all due in

December. Since the effective date of this language is April 1, 2003, the majority of new registration fees would not be realized until December 2003 (FY04).

ASSUMPTION (continued)

**Total Increase to Revenue based on increased registration fees, trip permits and hunter permits.**

| <b>FY03</b> | <b>FY04</b>  | <b>FY05</b>  |
|-------------|--------------|--------------|
| \$0         | \$22,150,406 | \$22,150,406 |

*Special Note: This amount could decrease because currently Missouri already ranks in the top 15 states in the nation for heavy vehicle registration fees. This proposal raises those fees even higher, which will probably cause carriers who can legally do so, to shift their registration to another state with lower fees.*

*Division of Taxation*

The Division of Taxation actual figures based on \$.17 per gallon indicates that for CY2001 the net amount of motor fuel sold was 3,897,676,100 gallons. The net amount sold takes into consideration the amount of refunds given (including IFTA); therefore, indicates the NET amount that was sold during the CY2000. The Office of Administration, Budget & Planning will estimate revenue impact.

The Office of Administration, Budget & Planning will estimate revenue impact for revenue generated from the increase in sales tax and motor fuel tax.

**DOR** notes that to implement this legislation, the Department of Revenue will require additional funds. In the past, the programs included in this legislation have been paid for with highway funds. See Mo. Const. Article IV, Section 30(b) and Section 226.200.2, RSMo 2000. This year, however, highway funds may not be available for this purpose as a result of legislation enacted by the General Assembly in 2000 that limits the use of highway funds.

**Officials of the State Treasurer's Office (STO)** assume that the Department of Revenue would be responsible for distribution of the collections pertaining to the Transportation Sales Tax Fund. Therefore, the proposal poses no fiscal impact to the STO. The STO assumes the proposal will serve four main objectives:

Creates the Missouri Public Capital Investment Board within OA.

- The board will consist of 19 members, including the State Treasurer
- Pertains to public investment in infrastructure

Creates the Transportation Sales Tax Fund (226.035)

- collections to be deposited by the State Treasurer - we assume DOR will actually collect and deposit these taxes
- Exempt from the Biennial Transfer
- Does not retain interest earnings

ASSUMPTION (continued)

Creates the Transportation User Fee Fund (226.036)

- Does not retain interest earnings
- Is subject to the Biennial Transfer

Creates the Toll road Fund (226.037)

- Assume collections will be made by MoDOT
- Does not retain interest earnings
- Is subject to the Biennial Transfer

Since this proposal has a referendum clause the revenue impact of this proposal would be reflected in the fiscal year following voter approval.

Officials with the **Department of Transportation (MoDOT)** assume the proposal would increase motor fuel taxes and remove the sunset clause for the previous \$0.06 fuel tax increase that is currently scheduled to expire on April 1, 2008. The legislation would also increase sales and use taxes, including the general state sales tax. Motor vehicle registration fees would also be increased. The proposal would also increase the number of members on the Missouri Highway and Transportation Department from six to nine, and would add approximately 77 miles of principal arterial highways located in the city of St. Louis to the state highway system. The additional costs associated with these proposals has been included in our response. In addition, the legislation authorizes MoDOT to use the "design-build" method of bidding highway projects and to designate high-occupancy vehicle lanes on state highways. The legislation also requires MoDOT to apply federal laws and regulations concerning disadvantaged business enterprises to state-funded highway construction projects.

MoDOT notes the legislation is generally favorable to MoDOT, providing additional funding for much-needed transportation improvements. If additional funding is received MoDOT may require additional employees and incur associated additional expense and equipment and/ or capital improvement and rental costs if necessary to manage the additional workload resulting from the increased funding.

MoDOT assumes revenue gain begins January 1, 2003; 4.5% motor vehicle sales & use tax growth in FY 03 with 3% growth in subsequent years; 3.5% general state sales tax growth in FY 03 with 4% growth in subsequent years; 1.2% motor fuel tax growth; 1.5% motor vehicle license

revenue growth.

MoDOT also assumes the legislation will authorize (not require) MoDOT to use the "design/build" concept of bidding highway projects and to designate high-occupancy vehicle lanes on state highways. If MoDOT chooses not to exercise this legislative authority, the fiscal impact of the legislation would be zero. If MoDOT does choose to exercise this legislative ASSUMPTION (continued)

authority, it is unknown at this time whether cost increases or cost savings will result from the proposals. The legislation also attempts to require MoDOT to apply federal laws and regulations concerning disadvantaged business enterprises to state-funded highway construction projects. MoDOT's position is that such a requirement is unconstitutional (see technical memo, paragraph 6); therefore, no fiscal impact has been included in our analysis. However, if this portion of the legislation was found to be legally enforceable, MoDOT anticipates that significant costs would be incurred to monitor compliance with the requirements.

Officials from the **Office of the Secretary of State (SOS)** assume the proposal creates a Missouri Public Capital Investment Board, Transportation User Fee Fund, a Transportation Sales Tax Fund, and a Toll Road Fund. The bill prescribes fuel taxes, communications taxes, electricity taxes, sales taxes, motor vehicle sales taxes, motor vehicle licensing fees, commercial carrier fees, and authorizes charging tolls on Interstate Highways. The Missouri Public Capital Investment Board is charged with choosing capital investment projects for state infrastructure development while the Highways and Transportation Commission is charged with prioritizing transportation projects in accordance with the Missouri Public Capital Investment Board's recommendations. This bill would affect the Department of Transportation, Department of Revenue, Department of Economic Development, Department of Conservation, State Treasurer, Department of Social Services, and the Office of Administration.

These agencies may create rules for approximately 200 pages in the Code of State Regulations. For any given rule, roughly one and a half as many pages (300) are published in the Missouri Register as in the Code because cost statements, fiscal notes, and the like are not repeated in Code. The estimated cost of a page in the Missouri Register is \$23. The estimated cost of a page in the Code of State Regulations is \$27. Therefore, the printing costs for the Missouri Register are \$6,900 ( $\$23 \times 300$ ). The printing costs for the Code are \$5,400 ( $\$27 \times 200$ ). The total printing costs are \$12,300 ( $\$6,900 + \$5,400$ ). These costs are estimated. The actual costs could be more. The proposal would be on the ballot for the November 2002 general election.

**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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Advertisement costs for the proposal are estimated by the **Office of the Secretary of State (SOS)**. Statewide newspaper publications of constitutional amendments cost approximately \$1,460 per newspaper column inch based on estimates provided by the Missouri Press Service, which is then multiplied by three (3) for three multiple printings of the text of the proposal, the introduction, title, fiscal note summary, and affidavit as required by the Constitution and State Statute. Therefore, the proposal would cost \$4,380 per column inch (\$1,460 x 3). **Oversight ASSUMPTION** (continued)

estimates the total number of inches for the amendment to be 531 inches. Therefore, the total cost from the General Revenue fund would be \$2,325,050 (\$4,380 x 531). The proposal would be on the ballot for the November 2002 general election.

| <u>FISCAL IMPACT - State Government</u>                 | FY 2003<br>(10 Mo.)         | FY 2004                  | FY 2005                  |
|---|-----------------------------|--------------------------|--------------------------|
| <b>GENERAL REVENUE FUND</b>                             |                             |                          |                          |
| <u>Cost</u> – DOR – Div. of Taxation                    |                             |                          |                          |
| Equipment and Expense                                   | (\$68,002)                  | \$0                      | \$0                      |
| <u>Cost</u> – Secretary of State                        |                             |                          |                          |
| Election Advertisements                                 | <u>(\$2,325,050)</u>        | <u>\$0</u>               | <u>\$0</u>               |
| <b>ESTIMATED NET EFFECT TO<br/>GENERAL REVENUE FUND</b> | <b><u>(\$2,393,052)</u></b> | <b><u>\$0</u></b>        | <b><u>\$0</u></b>        |
| <b>STATE HIGHWAY FUND</b>                               |                             |                          |                          |
| <u>Cost</u> – DOR                                       |                             |                          |                          |
| Salaries  | (\$69,471)                  | (\$21,722)               | (\$22,265)               |
| Fringe Benefits   | (\$25,017)                  | (\$7,822)                | (\$8,018)                |
| Equipment and Expenses                                  | <u>(\$423,871)</u>          | <u>(\$2,282)</u>         | <u>(\$2,351)</u>         |
| <b>ESTIMATED NET EFFECT TO<br/>STATE HIGHWAY FUND</b>   | <b><u>(\$518,359)</u></b>   | <b><u>(\$31,826)</u></b> | <b><u>(\$32,634)</u></b> |
| <b>STATE ROAD FUND</b>                                  |                             |                          |                          |
| <u>Revenues</u> – MoDOT                                 |                             |                          |                          |
| Increased Taxes   | \$10,120,000                | \$20,848,000             | \$21,473,000             |
| <u>Cost</u> – MoDOT                                     |                             |                          |                          |
| Road Equipment  | (\$1,982,920)               | \$0                      | \$0                      |
| Road Expenses   | <u>(\$14,956,720)</u>       | <u>(\$15,181,050)</u>    | <u>(\$15,632,882)</u>    |

|  |                             |                           |                           |
|--|-----------------------------|---------------------------|---------------------------|
| <b>ESTIMATED NET EFFECT TO<br/>STATE ROAD FUND</b> | <b><u>(\$6,819,640)</u></b> | <b><u>\$5,666,950</u></b> | <b><u>\$5,840,118</u></b> |
|--|-----------------------------|---------------------------|---------------------------|

**STATE TRANSPORTATION FUND**

Revenues – MoDOT

|                 |                         |                         |                         |
|-----------------|-------------------------|-------------------------|-------------------------|
| Increased Taxes | <b><u>\$104,000</u></b> | <b><u>\$213,000</u></b> | <b><u>\$220,000</u></b> |
|-----------------|-------------------------|-------------------------|-------------------------|

**TRANSPORTATION USER FEE  
FUND**

Revenue – DOR

|                               |              |              |               |
|-------------------------------|--------------|--------------|---------------|
| Registration and License Fees | \$28,361,769 | \$97,781,283 | \$118,041,836 |
|-------------------------------|--------------|--------------|---------------|

Revenue – MoDOT

|                          |                            |                            |                            |
|--------------------------|----------------------------|----------------------------|----------------------------|
| Increased Taxes          | \$2,290,000                | \$30,131,000               | \$58,639,000               |
| Administrative Sanctions | <b><u>\$10,409,000</u></b> | <b><u>\$42,262,000</u></b> | <b><u>\$42,896,000</u></b> |

**ESTIMATED NET EFFECT TO  
TRANSPORTATION USER FEE  
FUND**

|  |                            |                             |                             |
|--|----------------------------|-----------------------------|-----------------------------|
|  | <b><u>\$41,060,769</u></b> | <b><u>\$170,174,283</u></b> | <b><u>\$219,576,836</u></b> |
|--|----------------------------|-----------------------------|-----------------------------|

**TRANSPORTATION SALES TAX  
FUND**

Revenue – MoDOT

|                 |                            |                             |                             |
|-----------------|----------------------------|-----------------------------|-----------------------------|
| Increased Taxes | <b><u>\$82,685,000</u></b> | <b><u>\$171,779,000</u></b> | <b><u>\$178,436,000</u></b> |
|-----------------|----------------------------|-----------------------------|-----------------------------|

**TOLL ROAD FUND**

Revenue – MoDOT

|                       |                        |                        |                        |
|-----------------------|------------------------|------------------------|------------------------|
| Toll Road Collections | \$0 to<br>\$80,000,000 | \$0 to<br>\$80,000,000 | \$0 to<br>\$80,000,000 |
|-----------------------|------------------------|------------------------|------------------------|

Costs – MoDOT

|                    |                                  |                                  |                                  |
|--------------------|----------------------------------|----------------------------------|----------------------------------|
| Toll Road Expenses | <u>(\$0 to<br/>\$80,000,000)</u> | <u>(\$0 to<br/>\$80,000,000)</u> | <u>(\$0 to<br/>\$80,000,000)</u> |
|--------------------|----------------------------------|----------------------------------|----------------------------------|

**ESTIMATED NET EFFECT TO  
TOLL ROAD FUND**

|  |   |   |   |
|--|---|---|---|
|  | <b><u>(\$80,000,000)</u><br/><u>to \$80,000,000</u></b> | <b><u>(\$80,000,000)</u><br/><u>to \$80,000,000</u></b> | <b><u>(\$80,000,000)</u><br/><u>to \$80,000,000</u></b> |
|--|---|---|---|

| <u>FISCAL IMPACT - Local Government</u>                            | FY 2003<br>(10 Mo.)           | FY 2004                        | FY 2005                        |
|--|-------------------------------|--------------------------------|--------------------------------|
| <u>Revenues – Counties and Municipalities</u>                      |                               |                                |                                |
| Motor Fuel Tax   | \$982,000                     | \$12,914,000                   | \$25,130,000                   |
| Motor Vehicle Sales Tax  | \$2,590,000                   | \$5,333,000                    | \$5,493,000                    |
| Motor Vehicle Use Tax  | \$818,000                     | \$1,687,000                    | \$1,737,000                    |
| <br><b>ESTIMATED NET EFFECT TO<br/>COUNTIES AND MUNICIPALITIES</b> | <br><b><u>\$4,390,000</u></b> | <br><b><u>\$19,934,000</u></b> | <br><b><u>\$32,360,000</u></b> |

FISCAL IMPACT - Small Business

A direct fiscal impact to small businesses would be expected as a result of this proposal. Registration fees for business vehicles will increase as will tax rates on the purchasing of goods and utilities. Small businesses would pay the increase in sales tax on goods they purchase which are not intended for resale. Businesses would be required to collect the increase in sales tax from resale customers and remit the amount to the state. The cost for businesses to implement this change is unknown. Trucking and shipping companies will have to pay for increased registration fees.

DESCRIPTION

This bill is a comprehensive package relating to transportation funding and related items.

The bill creates within the Office of Administration a Public Capital Investment Board. The board will consist of 19 members, six of whom will be department directors, six citizen members, the State Treasurer, and six municipal officials appointed by the Governor with the advice and consent of the Senate.

The board will advise the Governor and his cabinet on statewide economic and quality of life goals and develop a coordinated, statewide, interagency plan for the investment of public capital toward achieving these goals. The Highways and Transportation Commission in cooperation with the regional planning commissions and metropolitan planning organizations must develop a statewide total transportation investment plan for the purpose of determining priorities and allocating funds consistent with the priorities, methodologies, and accountability mechanisms established by the investment board. The state transportation plan must be approved by the Governor and the General Assembly.

The Transportation Sales Tax Fund is created to receive sales tax revenues that support transportation needs. Distribution of moneys from the fund will be as follows:

- (1) 66.5% will be used for public transportation to be allocated to transit service providers for

capital and operating assistance based on service area population, employment, and passenger-miles provided;

- (2) 13% will be used for intercity rail facilities and services;
  - (3) 13% will be used for any transportation purpose and allocated to cities and counties based on a formula which considers population, employment, and lane-miles of local roads;
  - (4) 3% will be used for port facilities;
  - (5) 1.5% will be used for intercity bus facilities and services;
  - (6) 1.5% will be used for bicycle and pedestrian facilities; and
  - (7) 1.5% will be used to support activities of the Public Capital Investment Board, regional
- DESCRIPTION (continued)

planning commissions, and metropolitan planning organizations for transportation planning.

The Transportation User Fee Fund is created. Certain fuel tax and user fees will be deposited in the fund for the support of highways. Moneys in the fund will be allocated as follows:

- (1) To cities and counties as required by constitutional provisions relating to fuel tax, vehicle sales, and license fees; and
- (2) To the Department of Transportation for expenditure in each state highway district in an amount distributed through a formula based on population, employment, principal arterial lane-miles, and vehicle-miles traveled.

The bill also: (1) Increases the motor fuel tax by three cents per gallon, phased in over three years;

- (2) Increases the state sales and use tax on tangible personal property, excluding certain types of foods, by 0.25%;
- (3) Increases the sales tax on motor vehicle sales by 0.5%;
- (4) Removes the sales and use tax exemption of jet fuel;
- (5) Increases the membership of the Highways and Transportation Commission from six to nine members, with one from each congressional district;
- (6) Authorizes the Department of Transportation to use design- build contracting methods for projects on the state highway system;
- (7) Establishes requirements for the participation of disadvantaged businesses in any program or project using funds derived from the bill in accordance with federal laws and regulations applying to the federal-aid highway program;
- (8) Gives the Highways and Transportation Commission authorization for tolls on interstate highways. These tolls will have an \$80 million cap adjusted annually based on the Consumer Price Index. Toll revenues collected will be deposited in the Toll Road Fund;
- (9) Increases all license, title, permit, and registration fees by 50% phased in over a two-year period;

- (10) Establishes new requirements for the competitive bidding process in relation to selecting a vendor for the material used to manufacture license plates;
- (11) Limits the number of characters on special personalized license plates;
- (12) Requires all highways in the City of St. Louis which are functionally classified as of January 1, 1999, by the Missouri Department of Transportation and the Federal Highway Administration as principal arterial highways to be considered part of the state highway system; and
- (13) Allows for the designation and enforcement of the lawful use of high occupancy vehicle lanes.

DESCRIPTION (continued)

The bill contains a referendum clause.

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  
    Missouri Tax Commission  
Department of Economic Development  
    Division of Motor Carrier and Railroad Safety  
Office of State Treasurer  
Division of Public Safety  
    Missouri State Highway Patrol  
Office of the Secretary of State  
Office of the State Treasurer  
Department of Natural Resources  
Department of Social Services  
Department of Corrections  
Department of Conservation  
Missouri House of Representatives

NOT RESPONDING

Office of Administration  
    Division of Budget and Planning

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial "M".

Mickey Wilson, CPA

Acting Director  
February 6, 2002