

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1669-02  
Bill No.: HJR 17  
Subject: Constitutional Amendments: Taxation and Revenue - Sales and Use Tax  
Type: Original  
Date: May 2, 2003

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUNDS</b>			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	\$0	(\$12,402,275)	(\$41,250,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>(\$12,402,275)</b>	<b>(\$41,250,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
State Road	\$0	\$9,139,000	\$30,525,000
State Transportation	\$0	\$123,500	\$412,500
<b>Total Estimated Net Effect on <u>All</u> <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$9,262,500</b>	<b>\$30,937,500</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</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 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$3,087,500</b>	<b>\$10,312,500</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials of the **Office of Administration - Division of Budget and Planning** provided projections of expected motor vehicle sales tax collections. (\$259,200,000 for FY 2004, \$267,000,000 for FY 2005, and \$275,000,000 for FY 2006)

Currently one-half of proceeds go to the State Road Fund and one-half go to the General Revenue Fund. Under terms of this proposal, the General Revenue Fund portion of the would be diverted to the State Road Fund over a five-year period:

January 1, 2005 - 60% Road Fund and 40% GR

Current provisions - \$133,500,000 Road Fund and \$133,500,000 GR  
 Proposal - \$66,750,000 + \$80,100,000 = \$146,850,000 Road Fund and \$66,750,000 + \$53,400,000 = \$120,150,000 GR (assuming Road Fund receives 60% of six months collections)

January 1, 2006 - 70% Road Fund and 30% GR

Current provisions - \$137,500,000 Road Fund and \$137,500,000 GR  
 Proposal - \$82,500,000 + \$96,250,000 = \$178,750,000 Road Fund and \$55,000,000 + \$41,250,000 = \$96,250,000 GR (assuming Road Fund receives 60% of six months

ASSUMPTION (continued)

collections and 70% of six months collections)

Officials of the **Department of Transportation** stated that the proposal would not affect their agency, administratively. They noted that the proposal would provide additional monies to the State Road Fund (74% of the total increase), the State Transportation Fund (1% of the total increase) and to cities (15%) and counties (10%).

**Secretary of State** officials stated that advertisement costs for the proposal would be \$3,485 per column inch for three printings of the text of the proposal, the introduction, fiscal note summary, and affidavit. The proposal would be on the ballot for the November 2004 general election.

<u>FISCAL IMPACT - State Government</u>	FY 2004	FY 2005	FY 2006
<b>GENERAL REVENUE FUND</b>			
<u>Cost</u> to Secretary of State			
Newspaper Advertisements	\$0	(\$52,275)	\$0
<u>Cost</u> - Reduced Sales Tax Distributions	\$0	(\$12,350,000)	(\$41,250,000)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>(\$12,402,275)</u></b>	<b><u>(\$41,250,000)</u></b>
<b>STATE ROAD FUND</b>			
<u>Income</u> - Increased Sales Tax Distributions	\$0	\$9,139,000	\$30,525,000
<b>ESTIMATED NET EFFECT ON STATE ROAD FUND</b>	<b><u>\$0</u></b>	<b><u>\$9,139,000</u></b>	<b><u>\$30,525,000</u></b>
<b>STATE TRANSPORTATION FUND</b>			
<u>Income</u> - Increased Sales Tax Distributions	\$0	\$123,500	\$412,500
<b>ESTIMATED NET EFFECT ON STATE TRANSPORTATION FUND</b>	<b><u>\$0</u></b>	<b><u>\$123,500</u></b>	<b><u>\$412,500</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2004	FY 2005	FY 2006
<b>POLITICAL SUBDIVISIONS</b>			
<u>Cities</u> - Increased Sales Tax Distributions	\$0	\$1,852,500	\$6,187,500
<u>Counties</u> - Increased Sales Tax Distributions	\$0	\$1,235,000	\$4,125,000
<b>ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>\$3,087,500</u></b>	<b><u>\$10,312,500</u></b>

FISCAL IMPACT - Small Business

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

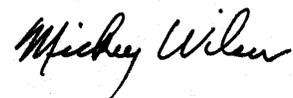
DESCRIPTION

This proposal would change the distribution of sales tax collected on purchases of motor vehicles. It would, over a five-year period, beginning January 1, 2006, give all of those collections to the State Road Fund. Currently, half of collections go to the Road Fund and half go to the General Revenue Fund.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This proposal would not affect Total State Revenue.

SOURCES OF INFORMATION

Department of Transportation  
Office of Administration - Division of Budget and Planning  
Secretary of State



Mickey Wilson, CPA

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Director  
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