

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 4024-08  
BILL NO.: SCS for HS for HCS for HB 1742 with SA 3, 4, 5 and 6  
SUBJECT: Transportation Funding  
TYPE: Original  
DATE: April 28, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
State Road Fund	(\$5,308)	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$5,308)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
<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>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Transportation (MoDOT)** assumed the impact of the proposal is uncertain since it does not require the issuance of bonds; therefore, no cost is necessarily incurred. However, should the department exercise the provisions of the proposal, any proceeds would be net of expenses as shown below.

This legislation allows for \$2 billion in bonds over five years. Therefore, MoDOT calculations estimate \$400 million per year, for a grand total of \$2 billion over the five years.

	<u>FY 01</u>	<u>FY02</u>	<u>FY03</u>
Bond Issuance	\$400,000,000	\$400,000,000	\$400,000,000
Less:			
Issuance Costs (2%)	(\$8,000,000)	(\$8,000,000)	(\$8,000,000)
Cumulative Interest (6%)	(\$24,000,000)	(\$47,000,000)	(\$69,000,000)
Preliminary Engineering (Plans Prep., 7%)		(\$24,000,000)	(\$23,000,000)
Construction Engineering (Inspection, 10%)	<u>(\$37,000,000)</u>	<u>(\$35,000,000)</u>	<u>(\$32,000,000)</u>
Net For Construction & Right of Way	\$331,000,000	\$286,000,000	\$268,000,000

MoDOT also notes that the requirement for the bond term not to exceed 15 years increases the annual debt service amount by 32% as compared to the 25-year term bond (at 6% interest).

Officials of the **Office of Administration (OA)-Division of Budget and Planning** assume the proposal may result in costs to OA divisions. Costs could result if it proved necessary to travel to make presentations before bond rating agencies and respond to their questions. OA officials also assume the proposal could result in a positive, unknown impact on total state revenues (TSR). While bond proceeds are excluded from TSR, interest earned on bond proceeds is not excluded. Thus, if MoDOT sold bonds after receiving authorization from the legislature as envisioned in the proposal, the interest earned on the bond proceeds would count against TSR. The actual impact in any given fiscal year is undeterminable since it would depend on the amount of bonds issued, the length of time it took MoDOT to complete projects (and thereby expend the bond proceeds), and the interest rate earned on the bond proceeds.

**Oversight** assumes that this proposal does not authorize the issuance of bonds, but simply would enable the General Assembly, contingent upon acceptance of a plan from the highways and transportation commission, to authorize the commission to issue bonds. Therefore, no costs related to bond issuance are reflected in this fiscal note.

ASSUMPTION (continued)

MoDOT also assumes they would require one additional clerk FTE to handle copying, logging out, logging in, and filing of contracts and transmittal documents for those contracts in excess of \$100,000 (approximately 900 per year) requiring review by the Attorney General. MoDOT estimated the costs for personal services, fringe benefits and related equipment and expense would be \$37,344, \$37,909 and \$38,859 for fiscal years 2001, 2002 and 2003, respectively. Oversight assumes MoDOT could comply with this provision with existing staff and resources.

In response to a similar proposal designating the "Payne Stewart Highway," officials of MoDOT assumed there would be no fiscal impact to MoDOT since neither the proposal nor the Federal Highway Administration mandate signage. MoDOT hopes that civic organizations or individual donors would contribute funds to pay a one-time cost for two signs to be installed at each end of the designated portion of I-44 at an approximate cost of \$2,524. In response to a similar proposal designating the "Rosa Parks Highway," officials of MoDOT assumed they would install signs reflecting the new name of the designated stretch of highway at a total cost of \$2,784 in FY 2001.

**Oversight** notes that in similar proposals designating highways to be named after individuals, MoDOT generally indicates that costs for signs will be incurred. Oversight assumes it is reasonable that signs will be placed, and costs for the signs approximating a total of \$5,308 are reflected in the fiscal note, since any potential reimbursement is unknown.

Officials of the **Office of the Attorney General (AGO)** assumed they would need one Assistant Attorney General II, with total related costs of \$58,709, \$61,663 and \$63,267 for fiscal years 2001, 2002 and 2003, respectively, in order to review contracts of MoDOT in excess of \$100,000. In response to another proposal requiring the Office of the Attorney General to review contracts of all state agencies (with no dollar amount specified), AGO officials also assumed they would need one FTE. Oversight notes that this proposal requires the AGO to review only contracts by MoDOT in excess of \$100,000. Since there would be a significantly smaller number of contracts to be reviewed by the AGO, Oversight assumes existing staff of the AGO could perform these duties.

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	FY 2001	FY 2002	FY 2003
<u>FISCAL IMPACT - State Government</u>	(10 Mo.)		

**STATE ROAD FUND**

Costs-Department of Transportation

Installation of signs	<u>(\$5,308)</u>	<u>\$0</u>	<u>\$0</u>
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	FY 2001	FY 2002	FY 2003
<u>FISCAL IMPACT - Local Government</u>	(10 Mo.)		

	\$0	\$0	\$0
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FISCAL IMPACT - Small Business

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

DESCRIPTION

The proposal permits the General Assembly to authorize the Highways and Transportation Commission to issue bonds from fiscal year 2001 to 2005 in amounts not to exceed \$2 billion. Amounts shall not exceed \$500 million in any one fiscal year. To obtain this funding the Highways and Transportation Commission must annually present to the General Assembly a proposed plan and analysis demonstrating the feasibility and appropriateness of the plan to be implemented.

The proposal would require the Office of the Attorney General to review contracts entered into by the Department of Transportation in excess of \$100,000 for legal content and form, except for those contracts reviewed by administrative law judges.

The proposal would designate certain portions of highways the “Rosa Parks Highway” and the “Payne Stewart Highway.”

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

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SOURCES OF INFORMATION

Department of Transportation  
Office of Administration  
Office of the Attorney General

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is written in a cursive style with a large initial "J".

Jeanne Jarrett, CPA  
Director  
April 28, 2000