

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0662-03
Bill No.: Perfected HCS for HJR 7
Subject: Constitutional Amendments; Motor Vehicles; Roads & Highways
Type: Original
Date: April 17, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$0	(\$92,925,000)	(\$159,000,000)
Highway & Transportation Department Fund	\$0	\$92,741,400	\$158,985,300
Total Estimated Net Effect on <u>All</u> State Funds	\$0	(\$183,600)	(\$14,700)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Transportation (MoDOT)** assume the proposal eliminates appropriations to all other state agencies from the State Highway & Transportation Department Fund, based on an interpretation from legal counsel. Under current law, these appropriations are capped at FY 2001 levels. Annual savings would be realized according to the eventual total appropriations for FY 2001, which is yet to be determined. MoDOT estimates this amount at \$185 million. MoDOT assumes savings will be realized beginning in December, 2002, following the general election in November, 2002.

Officials with the **Office of Administration–Division of Budget & Planning (BAP)** assume the proposal will have no impact on the Office. **Oversight** notes that in response to previous similar legislation, BAP assumed the proposal will result in savings to the State Highway & Transportation Department Fund and losses to the General Revenue Fund. BAP estimated savings at \$185 million annually, the appropriation amount for FY 2001 prior to adjustment of any open-ended appropriations. BAP assumed the savings will be realized in December, 2002, following the general election in November, 2002.

Oversight notes that the proposal would remove language from the constitution which provides for use of highway user fees for payment of collection expenses and the administration & enforcement of motor vehicle laws or traffic regulations. Oversight assumes this will end appropriations from the Highway Fund to the Department of Revenue and the Missouri State Highway Patrol. Oversight notes that the Missouri Constitution states the remaining user fees will be appropriated to the State Road Fund, for uses including “other such purposes and contingencies relating and appertaining to the construction and maintenance of such highways and bridges as the highways and transportation commission may deem necessary and proper” (Article IV, Section 30[b]). It is the opinion of Oversight that these uses may include functions provided by the Office of the State Treasurer, the Office of the State Auditor, the Department of Economic Development, and the Department of Natural Resources, and that the proposal will have no fiscal impact on these agencies. As such, Oversight has included a savings to the Highway Fund, and an offsetting cost to General Revenue, for the appropriations to the Department of Revenue and the Missouri State Highway Patrol of \$159 million annually (adjusted for seven months in FY 2003).

In response to similar previous legislation, officials with the **Department of Revenue** assumed the proposal would eliminate Highway Fund appropriations to their Department, while officials with the **Department of Public Safety–Missouri State Highway Patrol** assumed the proposal would have no impact to their agency. As discussed above, **Oversight** assumes the proposal will eliminate appropriations to these agencies from the Highway Fund.

ASSUMPTION (continued)

Officials with the **Office of the State Auditor** and the **Department of Economic Development–Division of Motor Carrier & Railroad Safety** assume the proposal will mean a loss of funding to their agencies. Officials with the **Office of the State Treasurer** assume the proposal will have no fiscal impact to the Office. In response to previous similar legislation, officials with the **Department of Natural Resources** assumed the proposal would have no fiscal impact to their agency. As discussed above, **Oversight** assumes that the proposal will not eliminate Highway Fund appropriations to these agencies.

MoDOT estimates the addition of three commissioners will result in additional expense reimbursements of \$4,900 per person, per year, for a total of \$14,700 annually. MoDOT assumes the commissioners would be added in December, 2002, following the general election in November, 2002.

Officials with MoDOT assume the proposal would authorize the Missouri Highways and Transportation Commission to construct and operate toll facilities. The facilities would be funded from toll facility revenue bonds issued by the Commission. These bonds would not be an obligation of the state. When the bonds issued for a particular facility have been paid, the toll would be discontinued, and the facility would become part of the free state highway system. MoDOT officials note that the legislation would provide the Commission with an alternative method to fund and build transportation facilities in the state. There would be no effect on MoDOT revenues until the toll roads are constructed.

Oversight notes that the proposal specifically states that bonds issued would not be considered obligations of the state. Proceeds from the sale of such bonds as well as tolls and other revenues derived from any toll facilities constructed are to be credited to toll facility funds and used for payment of principal and interest on the bonds, as well as for the payment of costs associated with the establishment of toll facilities. The proposal does allow the Commission to transfer funds from the state road fund in the event revenues from a toll facility are inadequate, if necessary to meet current bond principal and interest obligations, or to initially pay for feasibility studies for and designs of toll facility projects. Any transfers from the state road fund are to be repaid with interest.

Advertisement costs for the proposal are estimated by the **Office of the Secretary of State (SOS)** at \$4,380 per newspaper column inch for three printings of the text of the proposal, the introduction, title, fiscal note summary, and affidavit. The proposal would be on the ballot for the November 2002 general election. In response to similar legislation, officials with **BAP** noted that if the governor were to call a special election in November, 2001, the cost would approximate \$3.7 million.

FISCAL IMPACT - State Government FY 2002 FY 2003 FY 2004

**HIGHWAY & TRANSPORTATION
 DEPARTMENT FUND**

Savings—MoDOT

Appropriations to Other State Agencies	\$0	\$92,750,000	\$159,000,000
--	-----	--------------	---------------

Cost—MoDOT

Expenses for Commission Members	\$0	(\$8,600)	(\$14,700)
---------------------------------	-----	-----------	------------

**ESTIMATED NET EFFECT TO
 HIGHWAY & TRANSPORTATION
 DEPARTMENT FUND:**

<u>\$0</u>	<u>\$92,741,400</u>	<u>\$158,985,300</u>
-------------------	----------------------------	-----------------------------

GENERAL REVENUE FUND

Loss—MSHP, DOR

Highway Fund Appropriations	\$0	(\$92,750,000)	(\$159,000,000)
-----------------------------	-----	----------------	-----------------

Cost—SOS

Newspaper Advertisements	\$0	(\$175,000)	\$0
--------------------------	-----	-------------	-----

**ESTIMATED NET EFFECT TO
 GENERAL REVENUE FUND:**

<u>\$0</u>	<u>(\$92,925,000)</u>	<u>(\$159,000,000)</u>
-------------------	------------------------------	-------------------------------

FISCAL IMPACT - Local Government FY 2002 FY 2003 FY 2004

<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.

DESCRIPTION

This proposed constitutional amendment gives the Highways and Transportation Commission the authority to conduct feasibility studies about toll facilities and to fund, design, acquire, construct, maintain, reconstruct, and operate toll facilities.

MF:LR:OD (12/00)

DESCRIPTION (continued)

The proposal establishes the procedure and limitations for the issuance, collection, and distribution of toll facility revenue bonds or revenue refunding bonds for toll facilities. When toll facilities have been paid for, all bonds retired, and all transfers from the State Road Fund repaid with interest, the facilities will become a part of the state highway system.

State toll facility revenue bond and refunding bond proceeds, tolls, and other revenues derived from the establishment or operation of toll facilities will not be considered part of total state revenue and the expenditure of the revenues will not be considered an expense of state government.

Additionally, the proposal would eliminate the appropriation of highway user fees for collection and traffic law enforcement purposes. The proposal revises the Highways and Transportation Commission such that it includes a member from each of the state's congressional districts.

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
Office of Administration
 Division of Budget & Planning
Office of the Secretary of State
Office of the State Treasurer
Office of the State Auditor
Department of Revenue
Department of Public Safety
 Missouri State Highway Patrol
Department of Economic Development
 Division of Motor Carrier & Railroad Safety
Department of Natural Resources



Jeanne Jarrett, CPA
Director

April 17, 2001