

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1928-01  
Bill No.: HJR 16  
Subject: Constitutional Amendments; Revenue Dept.; Roads & Highways; Taxation & Revenue-General; Taxation & Revenue-Sales & Use  
Type: Original  
Date: April 3, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$0	(\$50,940,700)	(\$105,000,000)
School District Trust Fund	\$0	\$20,350,000	\$42,000,000
State Road/Highway & Transportation Dept. Funds	\$0	\$30,525,000	\$63,000,000
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>(\$65,700)</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
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 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$0</b>	<b>\$10,175,000</b>	<b>\$21,000,000</b>

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

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## FISCAL ANALYSIS

### ASSUMPTION

Officials with the **Department of Transportation (MoDOT)** assume the proposal provides for 75% of the proceeds from the state sales tax on all motor vehicles, trailers, motorcycles, mopeds, and motortricycles (excluding the portion dedicated to the conservation and soil purposes) to be split between school use (25% of the 75%) and transportation use (75% of the 75% to be split between counties (10%), cities (15%), the transportation fund (1%), and the state road fund (74%)). Currently, 50% of the proceeds are allocated to cities, counties, the transportation fund, and the state road fund; therefore, this creates an additional 19% (25% increase times 75% allocation) of the proceeds that will be allocated to cities, counties, the transportation fund, and the state road fund. MoDOT assumes a January 1, 2003 effective date, and assumes that the proposal diverts an additional \$40.5 million to transportation in the six months of FY 2003, and an additional \$83.5 million in FY 2004.

Officials with the **Department of Elementary & Secondary Education (DESE)** assume the proposal will reduce funding to the School District Trust Fund to 0.25% of sales, one-half of the current level. DESE assumes the 25% allocated to the fund is based only on the one-cent "Proposition C" sales tax. This would result in a loss of \$19.4 million to the School District Trust Fund. Additionally, 50% of these funds are a reduction to the foundation formula, so General Revenue of \$9.7 million would be required to maintain the current funding status.

**Oversight** assumes the proposal distributes 75% of the total proceeds from the motor vehicle sales tax to transportation (3% of sales) and 25% of the total proceeds to the School District Trust Fund (1% of sales). Absent this proposal, the total proceeds from the sales tax on motor vehicles would be distributed 50% to transportation (2% of sales), 12.5% to the School District Trust Fund (.5% of sales), and 37.5% to General Revenue (1.5% of sales).

Officials with the **Office of Administration—Division of Budget & Planning (BAP)** have calculated the impact as an additional \$40.7 million for transportation in FY 2003 and \$84.0 million in FY 2004. **Oversight** assumes these amounts will be distributed as follows: 74% to the State Road Fund, 1% to the State Highways & Transportation Dept. Fund, 15% to cities, and 10% to counties. **BAP** assumes the School District Trust Fund will receive an additional \$20.4 million in FY 2003 and \$42.0 million in FY 2004. These funds have been shown as a loss to General Revenue.

As a result of the additional distributions to the School District Trust Fund, **Oversight** assumes the state will deduct \$10.2 million in FY 2003 and \$21.0 million in FY 2004 from the foundation formula; this has been shown as a savings to General Revenue.

ASSUMPTION (continued)

Officials with the **Office of the Secretary of State (SOS)** assume advertisement costs for the proposal would be \$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. **Oversight** notes that the resolution allows a special election to be called by the governor. If a special election were called, the election costs could be realized in FY 2002, and the re-distribution of motor vehicle sales taxes could be effective earlier.

The **Department of Revenue** assumes no fiscal impact as a result of this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
	(10 Mo.)		
<b>GENERAL REVENUE FUND</b>			
<u>Loss</u> —Various State Agencies			
Motor Vehicle Sales Tax Distribution	\$0	(\$61,050,000)	(\$126,000,000)
<u>Savings</u> —DESE			
Foundation Formula	\$0	\$10,175,000	\$21,000,000
<u>Cost</u> —SOS			
Election Costs	\$0	(\$65,700)	\$0
<b>ESTIMATED NET EFFECT TO GENERAL REVENUE FUND:</b>	<b><u>\$0</u></b>	<b><u>(\$50,940,700)</u></b>	<b><u>(\$105,000,000)</u></b>
<b>SCHOOL DISTRICT TRUST FUND</b>			
<u>Revenue</u> —DESE			
Motor Vehicle Sales Tax Distribution	<b><u>\$0</u></b>	<b><u>\$20,350,000</u></b>	<b><u>\$42,000,000</u></b>
<b>STATE ROAD/HIGHWAY AND TRANSPORTATION DEPT. FUNDS</b>			
<u>Revenue</u> —MoDOT			
Motor Vehicle Sales Tax Distribution	<b><u>\$0</u></b>	<b><u>\$30,525,000</u></b>	<b><u>\$63,000,000</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<u>Revenue—Cities</u>			
Motor Vehicle Sales Tax Distribution	\$0	\$6,105,000	\$12,600,000
<u>Revenue—Counties</u>			
Motor Vehicle Sales Tax Distribution	\$0	\$4,070,000	\$8,400,000
<b>ESTIMATED NET EFFECT TO LOCAL GOVERNMENT</b>	<b><u>\$0</u></b>	<b><u>\$10,175,000</u></b>	<b><u>\$21,000,000</u></b>

FISCAL IMPACT - Small Business

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

DESCRIPTION

Currently, half of the proceeds from the state sales tax on all motor vehicles, trailers, motorcycles, mopeds, and motortricycles are dedicated for highway and transportation use. This proposed constitutional amendment requires that three-fourths of the proceeds from the state sales tax on all motor vehicles, trailers, motorcycles, mopeds, and motortricycles be dedicated for highway & transportation use and one-fourth be dedicated for school use and distributed to the School District Trust Fund.

The portion for highway & transportation use will be distributed ten percent to counties, fifteen percent to cities, one percent to the transportation fund, and seventy-four percent to the state road fund.

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 Elementary & Secondary Education  
Office of Administration—Division of Budget & Planning  
Department of Revenue  
Office of the Secretary of State



Jeanne Jarrett, CPA  
Director

April 3, 2001