

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0197-01
Bill No.: HB 87
Subject: Elementary and Secondary Education Department; Motor Fuel; Revenue
Department; Taxation and Revenue- General
Type: Original
Date: January 28, 2009

Bill Summary: This proposal exempts motor fuel used to operate school buses
transporting students for educational purposes from the motor fuel tax.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
State Road Fund	(\$1,964,000)	(\$2,366,000)	(\$2,377,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$1,964,000)	(\$2,366,000)	(\$2,377,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$1,964,000	\$2,366,000	\$2,377,000

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Missouri Department of Transportation (MoDOT)** assume that according to Department of Elementary and Secondary Education they expect a 1.0043% bus travel growth annually. The total bus miles traveled during the 2007-08 school year was 131,909,393. The average school bus gets 7 miles per gallon. Total gallons used ($131,909,393/7=18,844,199$). That would be an income loss of \$3,203,513.83. Adding the 1% growth rate the impact would be (\$2,681,074.12) (FY 10), (\$3,231,123.28) (FY 11) & (\$3,245,017.11) (FY 12) - Note this also includes the lost revenue to cities and counties.

	FY 2010	FY 2011	FY2012
State Road Fund	(\$1,964,000)	(\$2,366,000)	(\$2,377,000)
Cities	(\$402,000)	(\$485,000)	(\$487,000)
Counties	(\$315,000)	(\$380,000)	(\$382,000)
Total	(\$2,681,000)	(\$3,231,000)	(\$3,246,000)

Officials at the **Budget and Planning** defer to DESE and MoDOT for the fiscal impact of this bill.

Officials at the **Department of Revenue** assume that this legislation creates a new fuel tax exemption and exemptions reduce the amount of tax due and will reduce state revenues. The Department assumes the following costs to notify the 524 public school districts in the State of the exemption:

- Letters -\$13.10 (524 @ \$.025 per letter)
- Postage - \$220.08 (524 @ \$.42 per letter)
- Envelopes - \$20.96 (524 @ \$.04 per letter).

The total cost is \$211 in FY 2010.

Oversight assumes that the Department of Revenue can absorb any costs arising from the proposal with existing resources.

Officials at the **Department of Elementary and Secondary Education (DESE)** assume this proposal would create a savings to school districts and a loss to state revenues.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

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.

Officials at the **Parkway School District** assume a savings of \$42,500 annually.

In similar legislation filed this year, HB 112, officials at the **St. Joseph School District** assume a savings of \$30,000 annually.

In similar legislation filed this year, HB 112, officials at the **Sikeston R-6 School District** assume a savings of \$6,000 annually.

In similar legislation filed this year, HB 112, officials at the **Jefferson City Public School District** assume a savings of \$20,000 to \$25,000 annually.

FISCAL IMPACT - State Government

FY 2010
(10 Mo.)

FY 2011

FY 2012

JH:LR:OD (12/02)

STATE ROAD FUND

Loss - MoDOT

Motor fuel tax exemption for school bus operation.	<u>(\$1,964,000)</u>	<u>(\$2,366,000)</u>	<u>(\$2,377,000)</u>
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ESTIMATED NET EFFECT ON STATE ROAD FUND

<u>(\$1,964,000)</u>	<u>(\$2,366,000)</u>	<u>(\$2,377,000)</u>
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FISCAL IMPACT - Local Government

FY 2010
(10 Mo.)

FY 2011

FY 2012

Loss - Cities

Motor fuel tax exemption for school bus operations.	(\$402,000)	(\$485,000)	(\$487,000)
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Loss - Counties

Motor fuel tax exemption for school bus operations.	(\$315,000)	(\$380,000)	(\$382,000)
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Savings - School Districts

Motor fuel tax exemption for school bus operations.	<u>\$2,681,000</u>	<u>\$3,231,000</u>	<u>\$3,246,000</u>
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ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS

<u>\$1,964,000</u>	<u>\$2,366,000</u>	<u>\$2,377,000</u>
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FISCAL IMPACT - Small Business

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

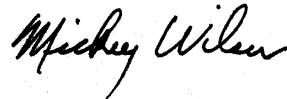
FISCAL DESCRIPTION

This bill exempts fuel used to operate school buses transporting students for educational purposes from the motor fuel tax.

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

Missouri Department of Transportation
Office of the Secretary of State
Budget and Planning
Department of Revenue
Parkway School District
Sikeston R-6 School District
Jefferson City Public School District
St. Joseph School District
Department of Elementary and Secondary Education



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Director
January 28, 2009