

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0221-01  
Bill No.: HB 112  
Subject: Education, Elementary and Secondary; Elementary and Secondary Education  
Department; Motor Fuel; Taxation and Revenue - General  
Type: Original  
Date: January 28, 2009

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

**FISCAL SUMMARY**

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

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

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<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 FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ 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).

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

## 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 lose 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 the they 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** 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 **St. Joseph School District** assume a savings of \$30,000 annually.

Officials at the **Sikeston R-6 School District** assume a savings of \$6,000 annually.

Officials at the **Jefferson City Public School District** assume a savings of \$20,000 to \$25,000 annually.

In similar legislation filed this year, HB 87, officials at **Parkway School District** assume a savings of \$42,500 annually.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
<b>STATE ROAD FUND</b>			
<u>Loss - MoDOT</u>			
Motor fuel tax exemption for school bus operation.	<u>(\$1,964,000)</u>	<u>(\$2,366,000)</u>	<u>(\$2,377,000)</u>
<b>ESTIMATED NET EFFECT ON STATE ROAD FUND</b>	<b><u>(\$1,964,000)</u></b>	<b><u>(\$2,366,000)</u></b>	<b><u>(\$2,377,000)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
<u>Loss - Cities</u>			
Motor fuel tax exemption for school bus operations.	(\$402,000)	(\$485,000)	(\$487,000)
<u>Loss - Counties</u>			
Motor fuel tax exemption for school bus operations.	(\$315,000)	(\$380,000)	(\$382,000)
<u>Savings - School Districts</u>			
Motor fuel tax exemption for school bus operations.	<u>\$2,681,000</u>	<u>\$3,231,000</u>	<u>\$3,246,000</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$1,964,000</u></b>	<b><u>\$2,366,000</u></b>	<b><u>\$2,377,000</u></b>

FISCAL IMPACT - Small Business

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

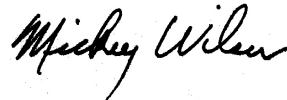
FISCAL DESCRIPTION

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  
Sikeston R-6 School District  
Jefferson City Public School District  
Parkway School District  
St. Joseph School District  
Department of Elementary and Secondary Education

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
January 28, 2009