

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4687-06
Bill No.: Truly Agreed To and Finally Passed SS#2 for HB 1460
Subject: Taxation and Revenue - Income, Motor Fuel
Type: Original
Date: June 4, 2018

Bill Summary: This proposal modifies provisions relating to state revenue.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2019	FY 2020	FY 2021	Fully Implemented (FY 2027)
General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2019	FY 2020	FY 2021	Fully Implemented (FY 2027)
State Road Fund	\$0	\$0 or \$73,032,732	\$0 or \$146,307,172	\$0 or \$293,202,635
Emergency State Freight Bottleneck	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on Other State Funds	\$0 or Unknown	\$0 or Could Exceed \$73,032,732	\$0 or Could Exceed \$146,307,172	\$0 or Could Exceed \$293,202,635

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 17 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2019	FY 2020	FY 2021	Fully Implemented (FY 2027)
Total Estimated Net Effect on All Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2019	FY 2020	FY 2021	Fully Implemented (FY 2027)
State Road Fund	0	0 or 2 FTE	0 or 2 FTE	0 or 2 FTE
Total Estimated Net Effect on FTE	0	0 or 2 FTE	0 or 2 FTE	0 or 2 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2019	FY 2020	FY 2021	Fully Implemented (FY 2027)
Local Government	\$0	\$0 or \$31,900,000	\$0 or \$63,900,000	\$0 or \$128,000,000

FISCAL ANALYSIS

ASSUMPTION

§142.803 Motor Fuel

Officials at the **Office of Administration Division of Budget and Planning (B&P)** assume this section would increase the motor fuel tax to \$0.195 per gallon from 7/1/19 through 6/30/20, then to \$0.22 per gallon from 7/1/20 through 6/30/21, then to \$0.245 per gallon from 7/1/21 to 6/30/22, then to \$0.27 beginning 6/1/22 and thereafter. This section would also increase the alternative fuel taxes from compressed natural gas (CNG), liquefied natural gas (LNG), and propane from \$0.17 to \$0.27 beginning 1/1/26.

Based on FY 2017 motor fuel tax collections of \$715.0 million, B&P estimates that 4,205.9 million gallons of motor fuel were taxed. Using this estimate, B&P calculates that a total increase of \$0.10 on the motor fuel tax will generate \$420.6 million in revenue, once fully implemented.

Based on FY 2017 collections of \$183,000 for compressed natural gas/propane and \$141,000 for liquefied natural gas, B&P estimates that a total increase of \$0.10 on the alternative fuels could generate up to \$0.6 million in revenue, once fully implemented. B&P notes that under this proposal, taxpayers could still purchase an alternative fuel decal rather than pay the fuel tax at the pump.

The following table shows the impact on state and local funds by fiscal year.

Fiscal Year	State Road Fund	Local Funds
2020	73.2	31.9
2021	146.4	63.9
2022	219.6	95.8
2023	292.8	127.8
2024	292.8	127.8
2025	292.8	127.8
2026	293.0	127.9
2027	293.3	128.0

B&P notes that Section 142.803.1 states that, subject to appropriation, the revenue generated by the fuel tax shall be used for the actual costs of the state highway patrol. B&P further notes that during FY 2017, the Highway Patrol was appropriated \$335.4 million of which \$33.9 million

ASSUMPTION (continued)

came from General Revenue, \$238.4 million came from the Highway Fund, \$27.2 million came from Federal Funds, and \$36.0 million came from other funds.

Officials at the **Department of Revenue (DOR)** assume that motor fuel, would remain at seventeen cents per gallon until June 30, 2019. For the fiscal year beginning on or after July 1, 2019, and ending on or before June 30, 2020, such tax shall be nineteen and one-half cents per gallon. For the fiscal year beginning on or after July 1, 2020, and ending on or before June 30, 2021, such tax shall be twenty-two cents per gallon. For the fiscal year beginning on or after July 1, 2021, and ending on or before June 30, 2022, such tax shall be twenty-four cents and one-half cents per gallon. For all fiscal years beginning on or after July 1, 2022, such tax shall be twenty-seven cents per gallon. The state portion of the revenue generated by the increases in the rate of the tax beginning July 1, 2019, shall be used for the actual cost of the state highway patrol in administering and enforcing any state motor vehicle laws and traffic regulations.

Compressed natural gas fuel, five cents per gasoline gallon equivalent until December 31, 2019, and eleven cents per gasoline gallon equivalent from January 1, 2020, until December 31, 2024, seventeen cents per gasoline gallon equivalent from January 1, 2025, until December 31, 2025, and then twenty-seven cents per gasoline gallon equivalent thereafter.

Liquefied natural gas fuel, five cents per diesel gallon equivalent until December 31, 2019, eleven cents per diesel gallon equivalent from January 1, 2020 until December 31, 2024, seventeen cents per diesel gallon equivalent from January 1, 2025, until December 31, 2025, and then twenty-seven cents per diesel gallon equivalent thereafter.

Propane gas fuel, five cents per gallon until December 31, 2019, eleven cents per gallon from January 1, 2020, until December 31, 2024, seventeen cents per gallon from January 1, 2025 until December 31, 2025, and then twenty-seven cents per gallon thereafter.

Notwithstanding any provision of law to the contrary, beginning on January 1, 2026, all motor fuels and alternative fuels, including, but not limited to, gasoline, diesel fuel, electricity, hydrogen, propane, compressed natural gas, and liquefied natural gas, shall be taxed at substantially the equivalent rate. The Department of Agriculture, in cooperation with the Department of Revenue, shall where necessary promulgate a rule on or before December 31, 2023, to implement the provisions of this subsection. Any rule or portion of a rule, as that term is defined in Section 536.010 that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of Chapter 536, and, if applicable, Section 536.028. This section and Chapter 536 are no severable and if any of the powers vested with the general assembly pursuant to Chapter 536, to review, to delay the

ASSUMPTION (continued)

effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rule-making authority and any rule proposed or adopted after August 28, 2018, shall be invalid and void.

In order to ensure that the revenues generated by this section are used for their designed purposes, the state auditor shall biennially audit such funds and provide a report to the general assembly. Such report may be included as part of an audit of a Department or agency receiving such funds.

The Department estimates that this proposed legislation would increase the State Road Fund by different increments until fully implemented in FY 2026.

FY 2019	\$0
FY 2020	\$72,144,744
FY 2021	\$144,017,244
FY 2022	\$215,889,744
FY 2023	\$287,762,244
FY 2024	\$287,762,244
FY 2025	\$287,880,521
FY 2026	\$288,488,231

DOR will require form changes and programming to implement the provisions of this legislation. The programming changes are estimated to cost \$75,168 (\$75 hour x 1,002.24 hours). The Excise Tax Section will require one Revenue Processing Technician I (\$26,340) for increased review of the motor fuel refund claims. Excise Tax requires one Revenue Processing Technician I (\$26,340) for increased reporting and registration that will be required.

Oversight will show the FTE and computer costs in the fiscal note.

ASSUMPTION (continued)

Oversight notes this portion of the proposal would increase the fuel tax over a matter of years. This chart shows the amount of tax collected and number of gallons sold on motor fuel each of the last five fiscal years.

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Motor Fuel Tax Collected	\$726,918,660	\$704,792,974	\$704,921,584	\$708,241,405	\$708,063,819
Gallons	4,270,109,765	4,145,841,024	4,146,597,553	4,166,125,912	4,165,081,288

Source: Department of Revenue

Oversight notes the five year average number of gallons of motor fuel sold is 4,178,751,108. Oversight notes that per the Department of Revenue, the money in the Motor Fuel Tax Fund is distributed 12% to counties, 15% to cities and the remaining 73% to the State Road Fund.

This proposal would begin July 1, 2019, after a successful vote of the people. **Oversight** will show the impact as \$0 (people don't approve the increase) to the estimates provided by B&P.

Officials at the **Missouri Highway Patrol** assume that upon completion, the proposed legislation would generate approximately \$411 million in additional Highway revenue, of which \$288 million would go to the Patrol and \$123 million would be for municipal and county road projects. In its FY 2018 budget, the Patrol currently has approximately \$240 million in Highway funding, so this would be an additional \$48 million in Highway funding that could be available to the Patrol, subject to appropriation. As stated in the legislation, it is critical that the money be used "for the actual cost of the state highway patrol in administering and enforcing any state motor vehicle laws and traffic regulations."

Officials at the **Office of the State Auditor** do not anticipate any large new audit requirements will result from these new provisions. Any fiscal impact can likely be absorbed with current appropriations.

Oversight notes this proposal would requires the State Auditor to audit the money generated under this proposal as part of their normal audit of the agency receiving the funds. Oversight assumes this would not have any additional fiscal impact.

ASSUMPTION (continued)

Officials at the **Missouri Department of Transportation** defer to the Department of Revenue for fiscal impact.

Officials at the **Department of Agriculture** assume there is no fiscal impact from this proposal.

§143.121 Olympic Medals

Officials at the **B&P** assume this section would exempt the value of any prize or award won by a taxpayer during Olympic Games from the taxpayer's gross income. B&P could not find enough relevant data to estimate an impact from this proposal. However, B&P notes that during the 2016 summer games, there were 0 gold, 1 silver, and 2 bronze medals awarded to Missourians. There have been 65 Olympic athletes born in Missouri since the 1904 summer Olympics, 11 gold medal winners during the summer games since 1924, and 0 gold medal winners during the winter games. B&P notes that data on Olympic athletes is based on state of birth, not state of residence. Therefore, it is possible that not all 65 past athletes resided in Missouri during the time they competed in the Olympics.

Paralympic games are played following the completion of the summer and winter Olympics. B&P estimates that since 2010 there have been 8 Paralympic Missouri athletes, 2 gold medal winners during the summer games, and 2 gold medal winners during the winter games.

B&P was unable to determine how many Special Olympic Athletes might qualify for this exemption. However, there is one statewide game played in Missouri annually, a US Game held every four years, and a World Game held every two years. Therefore, B&P estimates that the potential number of athletes that could qualify under this proposal may be significant. B&P notes that while there may be a significant number of athletes that could qualify, the majority of the Special Olympics Games do not offer a medal made of gold or a cash prize.

Therefore, B&P estimates that this provision could have a minimal negative impact on General Revenue.

Officials at the **DOR** assume the Missouri adjusted gross income of a resident individual shall be the taxpayer's federal adjusted gross income subject to the modifications of this section. There shall be subtracted from the taxpayer's federal adjusted gross income the following amounts to the extent included in federal adjusted gross income:

Gross income shall no include the value of any prize or award won by a taxpayer in athletic competition in the Olympic, Paralympic, or Special Olympic Games. This subsection shall be known and may be cited as the "Olympic Dream Freedom Act."

ASSUMPTION (continued)

Officials at the **University of Missouri’s Economic and Policy Analysis Research Center (EPARC)** previously submitted the following information regarding Olympic athletes. The U.S. Olympic Committee currently awards gold medalists with a \$25,000 cash prize, silver medalists with a \$15,000 cash prize and bronze medalists with a \$10,000 cash prize. Therefore, at the highest tax rate of 6%, an exemption for the cash prize for a gold medalist would amount to a reduction in tax liability of \$1,500 in the year the medal was won, and consequently a reduction in Net General Revenue of \$1,500 in the same year. At the highest tax rate of 6%, an exemption for the cash prize for a silver medalist would amount to a reduction in tax liability of \$900 in the year the medal was won, and consequently a reduction in Net General Revenue of \$900 in the same year. At the highest tax rate of 6%, an exemption for the cash prize for a bronze medalist would amount to a reduction in tax liability of \$600 in the year the medal was won, and consequently a reduction in Net General Revenue of \$600 in the same year.

The following is a list of all the Olympic medalists from Missouri since 1968:

Name	Year	Sport	Medal
Ann Peterson	1968	Diving	Bronze
Jo-Jo White	1968	Basketball	Gold
Larry Young	1968, 1972	Walking	Bronze (2)
George Woods	1968, 1972	Shot Put	Silver (2)
Leon Spinks	1976	Boxing	Gold
Michael Spinks	1976	Boxing	Gold
Virgil Hill	1984	Boxing	Silver
Steve Salmons	1984	Volleyball	Gold
David Clark	1984	Rowing	Silver
Ray Armstead	1984	4x400 Meter Relay	Gold
Ken Flach	1988	Tennis	Gold
Wendy Lian Williams	1988	Diving	Bronze

Name	Year	Sport	Medal
Janie Wagstaff	1992	4x100 Medley Relay	Gold
Lori Endicott	1992	Volleyball	Bronze
Nikki Ziegelmeyer	1992, 1994	Short Track Speed Skating	Silver, Bronze
Eric Mueller	1996	Rowing	Silver
Tim Harden	1996	4x100 Meter Relay	Silver
Sammie Henson	2000	Wrestling	Silver
Terin Humphrey	2004	Gymnastics	Silver (2)
Courtney McCool	2004	Artistic Gymnastics	Silver
Tammy Crow	2004	Synchronized Swimming	Bronze
J.P. Kepka	2006	Short Track Speed Skating	Bronze
Christian Cantwell	2008	Shot Put	Silver
Lori Chalupny	2008	Soccer	Gold
Scott Touzinsky	2008	Volleyball	Gold
Paul Stastny	2010	Hockey	Silver
Becky Sauerbrunn	2012	Soccer	Gold
J'Den Cox	2016	Wrestling	Bronze
Zach Garrett	2016	Archery	Silver
Murphy Troy	2016	Volleyball	Bronze

Missouri Summer Olympic medalists have averaged 0.76923 gold medals, 0.92308 silver medals, and 0.61539 bronze medals every four years since 1968. Missouri Winter Olympic medalists averaged 0.15385 silver medals every four years and 0.15385 bronze medals every four years since 1968.

ASSUMPTION (continued)

Therefore, we estimate that in any given Summer Olympic year Net General Revenue may be reduced by approximately ...

$$(0.76923 \times \$1,500) + (0.92308 \times \$900) + (0.615385 \times \$600) = \$2,353.85$$

Also, we estimate that in any given Winter Olympic year Net General Revenue may be reduced by approximately ...

$$(0.15385 \times \$900) + (0.15385 \times \$600) = \$230.77$$

Oversight notes the United States Olympic Committee (USOC) paid athletes a cash prize of \$25,000 for a gold medal, \$15,000 for a silver medal and \$10,000 for each bronze medal. Additionally the cash value of the medals themselves are \$600 for a gold, \$300 for a silver and the bronze has no cash value. Currently athletes who win these medals are taxed on this income.

Oversight has received additional information indicating that starting with the 2018 Olympics the cash prize for a gold medal will be \$37,500, a silver will be \$22,500 and the bronze will be \$15,000.

Oversight was unable to determine how many Olympic athletes are from Missouri and reside here paying taxes. Oversight notes that the three Olympic training centers where the majority of athletes train are not located in Missouri.

Oversight notes this proposal would exclude from gross income the value of any prize or award won by an Olympic athlete. Therefore, they would no longer pay tax on the medal value or cash prize awarded by the USOC. Due to the minimal loss of this tax, as calculated by EPARC, Oversight will not show a fiscal impact from this proposal.

Oversight for informational purposes is listing the upcoming Olympics.

2020 Tokyo - summer games
2022 Beijing - winter games
2024 Paris - summer games
2026 Not Announced - winter games
2028 Los Angeles - summer games

ASSUMPTION (continued)

Oversight notes that exempting the prizes of the Paralympic and Special Olympic athletes also would not change the fiscal impact.

Oversight notes that the Paralympics are held in the same city as the Olympics usually just one month later. Oversight found that starting with the 2018 Olympics the Paralympic athletes will receive \$7,500 for their gold medals, \$5,250 for a silver and \$3,750 for a bronze.

Oversight was unable to determine if Special Olympic athletes receive a cash payment for the medals they win.

§226.145 Emergency State Freight Bottleneck Fund

Officials at the **B&P** assume this section would create the "Emergency State Freight Bottleneck Fund", which is subject to appropriations. Monies in the fund shall only be used for certain qualifying projects. Therefore, B&P estimates that this provision may have an unknown negative impact on General Revenue.

Officials at the **Office of the State Treasurer** assume there is no fiscal impact from this proposal.

Oversight notes this proposal creates the Emergency State Freight Bottleneck Fund that is to receive appropriations by the General Assembly. The Fund is to finance eligible projects delineated under this proposal that cost more than \$50 million. Oversight notes projects of the size usually receive funding from multiple sources (federal, locals), so will show the impact to the state as Unknown.

Section B

Officials at the **B&P** assume that Section B requires this proposal to go to a vote at the next general election in November 2018. Therefore, while these provisions will impact state and local funds, they will not impact Total State Revenue or the calculation under Article X, Section 18(e).

Officials at the **Office of the Secretary of State (SOS)** assume each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special

ASSUMPTION (continued)

election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be \$7.8 million based on the cost of the 2016 Presidential Preference Primary.

The Secretary of State's office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 the Secretary of State's Office was appropriated \$2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$2.4 million to publish (an average of \$400,000 per issue). The Secretary of State's office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Oversight notes this proposal would require a vote of the people in order to be effective. The election is set for November 2018. Oversight will show all costs/revenues as \$0 (not adopted by the people) to the estimates provided above.

Bill as a Whole

Officials at the **University of Missouri's Economic and Policy Analysis Research Center** assume they do not have elaborate models and reliable data to estimate a fiscal impact for this proposal.

Officials at the **Joint Committee on Administrative Rules** assume there is no fiscal impact from this proposal.

Officials from the **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

ASSUMPTION (continued)

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.

<u>FISCAL IMPACT -</u> <u>State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021	Fully Implemented (FY 2027)
 GENERAL				
REVENUE				
 <u>Transfer Out -</u>				
Emergency State				
Freight Bottleneck	<u>\$0 or</u>	<u>\$0 or</u>	<u>\$0 or</u>	<u>\$0 or</u>
Fund	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
 ESTIMATED NET				
EFFECT ON				
GENERAL	<u>\$0 or</u>	<u>\$0 or</u>	<u>\$0 or</u>	<u>\$0 or</u>
REVENUE	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT -</u> <u>State Government</u> <u>(continued)</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021	Fully Implemented (FY 2027)
STATE ROAD FUND				
<u>Additional Revenue</u>				
- increase in the fuel tax from 17 to 27 cents §142.803	\$0	\$0 or \$73,200,000	\$0 or \$146,400,000	\$0 or \$293,300,000
<u>Cost - DOR</u>				
Personal Service	\$0	\$0 or (\$53,207)	\$0 or (\$53,739)	\$0 or (\$57,045)
Fringe Benefits	\$0	\$0 or (\$37,378)	\$0 or (\$37,536)	\$0 or (\$38,518)
Equipment & Expenses	\$0	\$0 or (\$1,515)	\$0 or (\$1,553)	\$0 or (\$1,802)
Computer Expenses	\$0	\$0 or (\$75,168)	\$0	\$0
<u>Total Costs - DOR</u>	<u>\$0</u>	<u>\$0 or (\$167,268)</u>	<u>\$0 or (\$92,828)</u>	<u>\$0 or (\$97,365)</u>
FTE Change - DOR	0 FTE	0 or 2 FTE	0 or 2 FTE	0 or 2 FTE
ESTIMATED NET EFFECT ON THE STATE ROAD FUND				
	<u>\$0</u>	<u>\$0 or \$73,032,732</u>	<u>\$0 or \$146,307,172</u>	<u>\$0 or \$293,202,635</u>
Estimated Net FTE Change on the State Road Fund	0 FTE	0 or 2 FTE	0 or 2 FTE	0 or 2 FTE

<u>FISCAL IMPACT -</u> <u>State Government</u> <u>(continued)</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021	Fully Implemented (FY 2027)
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**EMERGENCY
 STATE FREIGHT
 BOTTLENECK
 FUND**

<u>Transfer In -from</u> General Revenue §226.145	<u>\$0 or</u> <u>Unknown</u>	<u>\$0 or</u> <u>Unknown</u>	<u>\$0 or</u> <u>Unknown</u>	<u>\$0 or</u> <u>Unknown</u>
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**ESTIMATED NET
 EFFECT ON THE
 EMERGENCY
 STATE FREIGHT
 BOTTLENECK
 FUND**

	<u>\$0 or</u> <u>Unknown</u>	<u>\$0 or</u> <u>Unknown</u>	<u>\$0 or</u> <u>Unknown</u>	<u>\$0 or</u> <u>Unknown</u>
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<u>FISCAL IMPACT -</u> <u>Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021	Fully Implemented (FY 2027)
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**LOCAL
 POLITICAL
 SUBDIVISION
 FUNDS**

<u>Additional Revenue</u> Cities and Counties - increase in the fuel tax from 17 to 27 cents §142.803	<u>\$0</u>	<u>\$0 or</u> <u>\$31,900,000</u>	<u>\$0 or</u> <u>\$63,900,000</u>	<u>\$0 or</u> <u>\$128,000,000</u>
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**ESTIMATED NET
 EFFECT ON
 LOCAL
 POLITICAL
 SUBDIVISION
 FUNDS**

<u>\$0</u>	<u>\$0 or</u> <u>\$31,900,000</u>	<u>\$0 or</u> <u>\$63,900,000</u>	<u>\$0 or</u> <u>\$128,000,000</u>
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FISCAL IMPACT - Small Business

This proposed legislation could potentially impact any small business that is in business selling fuel or any businesses that purchase fuel to conduct their daily business.

FISCAL DESCRIPTION

Beginning July 1, 2019, this bill increases the fuel tax by \$.10 from \$.17 per gallon to \$.27 per gallon in increments. On and after July 1, 2022, the tax rate of \$.27 applies. The additional revenue generated by the tax increase is used for the actual costs of the State Highway Patrol, subject to appropriation. In addition, the bill authorizes the Department of Agriculture to tax all types of fuel at a substantially equivalent rate by implementing a rule by January 1, 2026. The state auditor will biennially audit funds to ensure their accurate expenditure (§142.803).

This bill authorizes the "Olympic Dream Freedom Act" which allows a state individual income tax deduction for the value of any prize or award won by a taxpayer in athletic competition in the Olympic, Paralympic, or Special Olympic Games (§143.121.10).

FISCAL DESCRIPTION (continued)

The bill creates the "Emergency State Freight Bottleneck Fund" which is dedicated, subject to appropriation, only to road projects with criteria for such projects specified in the bill (§226.145).

The bill contains a referendum clause and the provisions of this bill will become effective upon voter approval.

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 Agriculture
Department of Revenue
Joint Committee on Administrative Rules
Missouri Department of Transportation
Missouri Highway Patrol
Office of Administration
 Division of Budget and Planning
Office of the State Auditor
Office of the Secretary of State
Office of the State Treasurer
University of Missouri's Economic and Policy Analysis Research Center

Ross Strobe



Acting Director
June 4, 2018