

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION
FISCAL NOTE

L.R. No.: 1082-01
Bill No.: HJR 17
Subject: Motor Vehicles; Licenses - Motor Vehicle; Constitutional Amendments;
 Transportation; Roads and Highways
Type: Original
Date: February 18, 2019

Bill Summary: This constitutional amendment proposes to direct increased funding from motor vehicle registration fee adjustments for inflation to a Farm to Market Fund, a Port Development Fund, the State Road Bond Fund and the Highway Patrol.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	\$0 or (More than \$7,800,000)	\$0	\$0
Total Estimated Net Effect on General Revenue	\$0 or (More than \$7,800,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

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 2020	FY 2021	FY 2022
Local Government*	\$0	\$0	\$0

* Transfer out and transfer in net to zero.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Budget and Planning (BAP)** assume this proposal directs, upon passage by the general assembly of inflationary increases to state license fees, that those additional revenues be distributed to various funds and the Missouri State Highway Patrol (MSHP). Voters are being asked to approve the percentage distribution to the MSHP and the following funds: the Farm to Market Fund, the Port Development Fund, the State Road Bond Fund, and the State Road Fund.

Provisions subject to voter approval do not impact 18(e).

While the legislation passed by the general assembly will impact Total State Revenue (TSR), the voter approved distribution of the funds should not have an impact on TSR.

Budget and Planning defers to the Department of Revenue (DOR) for an estimated fiscal impact.

Officials from the **Department of Revenue (DOR)** assume this proposal's impact is contingent upon passage by the general assembly of increased state licensing fees for inflation.

Officials from the **Department of Transportation (MoDOT)** defers to DOR for an potential fiscal impact of this proposal. MoDOT notes the provisions would not go into effect unless the general assembly passes a law prior to January 1, 2021. If it does, the new monies would be distributed to the State Road Fund, the State Road Bond Fund, the Farm to Market Fund and the Port Development Fund. The bill does not state the specific agency to administer these funds; therefore, it may not impact MoDOT.

Officials from the **Department of Public Safety - Missouri Highway Patrol** defers to DOR for the fiscal impact of this proposal.

Oversight assumes there will be no fiscal impact from this proposal unless the general assembly passes a law prior to January 1, 2021 that increases state license fees on motor vehicles, trailers, motorcycles, mopeds and motortricycles for inflation; therefore, Oversight will not reflect a fiscal impact on this fiscal note.

Officials from the **Office of the State Treasurer** assume this proposal has no fiscal impact. This proposal creates a Farm to Market Fund which is exempt from the biennial transfer and retains interest.

ASSUMPTION (continued)

Officials from the **Department of Agriculture** assume the proposal will have no fiscal impact on their organization.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

Oversight notes that the agencies mentioned above have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

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, Joint Resolutions proposing a constitutional amendment are submitted to a vote of the people at the next general election. Article XII section 2(b) of the Missouri Constitution authorizes the governor to order a special election for constitutional amendments referred to the people. If a special election is called to submit a Joint Resolution to a vote of the people, §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. This figure was determined through analyzing and totaling expense reports from the 2016 Presidential Preference Primary received from local election authorities.

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. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot.

In FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY19, over \$5.8 million was spent to publish the full text of the measures for the August and November elections. The SOS estimates \$65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

ASSUMPTION (continued)

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 has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2020. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note. The next scheduled statewide primary election is in August 2020 and the next scheduled general election is in November 2020 (FY 2021). It is assumed the subject within this proposal could be on one of these ballots; however, it could also be on a special election called for by the Governor. Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2020.

Oversight will reflect the fiscal impact of the redirecting of funds on the fiscal note for the general law needed to be approved by the General Assembly by January 1, 2021.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Transfer Out</u> - SOS - reimbursement of local election authority election costs if a special election is called by the Governor	\$0 or (More than <u>\$7,800,000</u>)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0 or (More than \$7,800,000)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
LOCAL POLITICAL SUBDIVISIONS			
<u>Transfer In</u> - Local Election Authorities - reimbursement of election costs by the State for a special election	\$0 or More than \$7,800,000	\$0	\$0
<u>Costs</u> - Local Election Authorities - cost of a special election if called for by the Governor	\$0 or (More than \$7,800,000)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<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.

FISCAL DESCRIPTION

Upon voter approval and passage of a law by the General Assembly, this proposed Constitutional Amendment would distribute funds from certain state license fee increases, if such fees are periodically adjusted for inflation by general law, with 10% to the Farm to Market Fund, 10% to the Port Development Fund, 10% to the State Road Bond Fund, 3% to the State Highway Patrol, and 67% to the existing State Road Fund. Only the increase in fees would be subject to this new distribution pattern such that 33% of the increase in fees would not go directly to the road fund. The increase in fees must pass prior to January 1, 2021.

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

Office of Administration - Budget and Planning
Department of Revenue
Department of Transportation
Department of Agriculture
Office of the Secretary of State
Joint Committee on Administrative Rules
Office of the State Treasurer
Department of Public Safety - Missouri Highway Patrol



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