

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4721-01
Bill No.: HB 1467
Subject: Transportation; Transportation, Department of
Type: Original
Date: April 25, 2016

Bill Summary: This proposal specifies that no appropriation from general revenue to the Department of Transportation will be expended if the department has spent funds from the State Road Fund for the same or like purposes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Transportation (MoDOT)** assume this proposal may have a positive fiscal impact but would overall be a negative impact to MoDOT's planning and budgeting processes. This proposal would create volatility in the planning process for projects as General Revenue (GR) would be constantly changing. Each year funding would be based on changes in the prior three years. In reviewing the last 10 years of GR, there are some years MoDOT would have additional funding and in some years MoDOT would not experience any additional funding. The language does not state if the cycle would restart.

This proposal also states MoDOT would be unable to use other funding for like items in the years MoDOT receives GR. This would mean in a year we received a portion of GR for one of the expense classifications, the GR would not be usable as we would need to use the State Road Fund to pay the full amount of the expenses.

This proposal would mean there could be projects planned for a certain year that would be delayed, or be completed canceled because the GR was not appropriated as anticipated. MoDOT is unable to compute the total impact because of the volatility in GR. For long term projection and planning purposes, MoDOT would need to assume a zero GR to keep our promises to the citizens of Missouri.

Officials from **Office of Administration - Budget and Planning (B&P)** assume this proposal will use General Revenue (GR) in lieu of State Road funds based on a percentage formula of specified MoDOT functions. This provision triggers if net General Revenue in the previous fiscal year exceeded the highest amount of net general revenue collected in any of the three fiscal years prior to such fiscal year by at least \$150 million dollars. The last fiscal year this occurred was FY 2015.

This proposal's provision trigger is the same as in SB 509 (2014) which reduces the top income tax rate and exempts portions of business income. In years when the trigger is met, SB 509 will reduce GR collections and this bill could simultaneously earmark an additional GR amount to MoDOT. This earmark will compound the reduction of GR available for education or other government services.

As B&P cannot estimate MoDOT specified administrative function spending, B&P defers to MoDOT on the specific impact for the outlined administrative functions.

ASSUMPTION (continued)

Officials from the **Missouri Senate** and **Missouri House of Representatives** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that appropriations to the Department of Transportation from the General Revenue Fund in the FY 2017 are as follows:

Urban, Small Urban, and Rural Transportation systems	\$500,000
Operating subsidy for not-for-profit transporters of the elderly, people with disabilities, and low-income individuals	\$1,194,129
Rail Program	\$9,600,000
Costs of construction of railroad grade crossing improvements in a county of the first classification	\$350,000
Port Authorities	\$5,000,000
Missouri Moves	\$20,000,000
Construction of hangers at the airport	\$1,000,000
Total	\$37,644,129

Oversight assumes if in any year the General Assembly makes an appropriation from the General Revenue Fund to the Department of Transportation, the Department shall not expend any amount from the appropriation if in the same fiscal year it has spent funds from the State Road Fund for the same or like purposes. Oversight assumes the provisions of this proposal will be triggered if the amount of net general revenue collected in the previous fiscal year exceeds the highest amount of net general revenue collected in any of the three fiscal years prior to such fiscal year by at least one hundred fifty million dollars.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<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

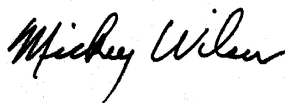
This proposal specifies that in any year that the General Assembly makes an appropriation from the General Revenue Fund to the Department of Transportation, the department cannot expend any amount from the appropriation if it has spent funds from the state road fund for like purposes in that same fiscal year.

The proposal will not go into effect until the net general revenue collected in the previous fiscal year exceeds the highest amount of net general revenue collected in any of the three previous fiscal years by at least \$150 million. The implementation of the use of general revenue for paying for certain areas of the department's budget is specified in the bill.

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
Office of Administration
 Division of Budget and Planning
Missouri House of Representatives
Missouri Senate



Mickey Wilson, CPA

Ross Strobe

L.R. No. 4721-01
Bill No. HB 1467
Page 6 of 6
April 25, 2016

Director
April 25, 2016

Assistant Director
April 25, 2016