

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0590S.02I
 Bill No.: SB 317
 Subject: Motor Fuel; Department of Revenue; Roads and Highways; Taxation and Revenue
 - General; Transportation; Department of Transportation
 Type: Original
 Date: February 28, 2023

Bill Summary: This proposal establishes the Interstate 70 Improvement Fund and requires certain deposits into the fund.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue	Up to (\$1,500,000,000)	(\$263,054,000 up to \$1,763,054,000)	(\$263,054,000 up to \$1,763,054,000)
Total Estimated Net Effect on General Revenue	Up to (\$1,500,000,000)	(\$263,054,000 up to \$1,763,054,000)	(\$263,054,000 up to \$1,763,054,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Interstate 70 Improvement Fund*	Less than \$1,500,000,000	Less than \$263,054,000 up to \$1,763,054,000	Less than \$263,054,000 up to \$1,763,054,000
Total Estimated Net Effect on <u>Other</u> State Funds	Less than \$1,500,000,000	Less than \$263,054,000 up to \$1,763,054,000	Less than \$263,054,000 up to \$1,763,054,000

*Revenue would be reduced by costs MoDOT incurs for widening and improving Interstate 70.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Budget and Planning (B&P)** assume the following regarding this proposal:

If the measure is enacted in 2023, it will become effective in the state's Fiscal Year 2024, which begins July 1, 2023 and ends June 30, 2024.

B&P estimates that section 1(1) of the measure will result in the transfer of an unknown amount of General Revenue (GR) into a new Interstate 70 Improvement Fund in Fiscal Year 2025 after the completion of Fiscal Year 2024. The Consensus Revenue Estimate (CRE) for Fiscal Year 2024 is \$13,152,700,000, 2% of which is \$263,054,000. For the purpose of responding to this fiscal note, B&P estimates that this provision of the measure will cost General Revenue \$263,054,000 per fiscal year, beginning in Fiscal Year 2025.

B&P estimates that section 1(2) of the measure will result in the transfer of an unknown amount of GR into the new fund in Fiscal Year 2024, depending on whether the January 1, 2024, GR balance exceeds \$4 billion. For the purposes of this fiscal note B&P estimates the cost of such a transfer to be between \$0 and \$1.5 billion per fiscal year, beginning in Fiscal Year 2024.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by B&P. Oversight notes this proposal would go into effect on August 28, 2023; however the determination of 'net general revenue collections' will not occur until after the fiscal year is complete. Therefore, we agree with B&P assumption, that this part of the proposal would begin moving monies into the new fund after FY 2024 is completed, (in FY 2025).

Oversight notes, for §136.415.1(2), the transfer of up to \$1.5 billion could occur in January 2024 (depending upon the balance of the General Revenue Fund on January 1, 2024). As the current balance is over \$5.6 billion, Oversight will assume the transfer could occur in FY 2024. The balance of the GR fund in future fiscal years is difficult to predict; therefore we will range other years as \$0 or Up to \$1.5 billion transfer.

Oversight notes the balance of the General Revenue Fund on the following dates:

January 31, 2023	\$5,609,026,200
June 30, 2022	\$4,899,052,196
June 30, 2021	\$2,354,130,726
June 30, 2020	\$ 802,889,192
June 30, 2019	\$ 654,033,083

Officials from the **Department of Revenue (DOR)** assume the following regarding this proposal:

This proposal creates a new state fund called the “Interstate 70 Improvement Fund”. The Fund is to be used to widen I-70 across Missouri. The Fund is to receive revenue from two sources. The first source is 2% of all net general revenue collections annually are to be appropriated to the Fund.

The second source requires that on January 1st each year, if the General Revenue Fund has more than \$4 billion in the fund then the excess of the \$4 billion, up to \$1.5 billion is to be transferred to the Fund.

The Department assume that the Office of Administration’s Division of Budget and Planning would work with the Appropriation Committees of the General Assembly to annually determine the amount of the transfers. DOR defers to B&P for any estimate of the fiscal impact.

Officials from the **Missouri Department of Transportation** defer to the Department of Revenue and Office of Administration - Budget and Planning for the potential fiscal impact of this proposal.

Officials from the **Missouri Highway Patrol** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for MHP.

Officials from the **Office of the State Treasurer** did not respond to **Oversight’s** request for fiscal impact for this proposal.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE			
<u>Transfer Out</u> – 2% of net general revenue collections to the Interstate 70 Improvement Fund	\$0	(\$263,054,000)	(\$263,054,000)
<u>Transfer Out</u> – amount above \$4 billion up to \$1.5 billion to the Interstate 70 Improvement Fund	(Up to \$1,500,000,000)	\$0 or (Up to \$1,500,000,000)	\$0 or (Up to \$1,500,000,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	Up to (\$1,500,000,000)	(\$263,054,000 up to \$1,763,054,000)	(\$263,054,000 up to \$1,763,054,000)

INTERSTATE 70 IMPROVEMENT FUND			
<u>Transfer In</u> – 2% of net general revenue collections (§136.415.1(1))		\$263,054,000	\$263,054,000
<u>Transfer In</u> - amount above \$4 billion up to \$1.5 billion to the Interstate 70 Improvement Fund (§136.415.1(2))	Up to <u>\$1,500,000,000</u>	\$0 or Up to <u>\$1,500,000,000</u>	\$0 or Up to <u>\$1,500,000,000</u>
<u>Cost</u> – MoDOT – to complete and widen or improve and maintain Interstate 70	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON THE INTERSTATE 70 IMPROVEMENT FUND	<u>Less than \$1,500,000,000</u>	<u>Less than \$263,054,000 up to \$1,763,054,000</u>	<u>Less than \$263,054,000 up to \$1,763,054,000</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<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 act establishes the "Interstate 70 Improvement Fund", to be used solely by the Highways and Transportation Commission for the purposes of completing and widening or otherwise improving and maintaining Interstate 70.

2% of net general revenue collections annually shall be deposited in the fund.

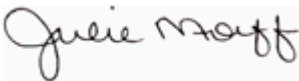
On January 1 of each year, any money in the General Revenue Fund in excess of \$4 billion, but not to exceed \$1.5 billion, shall be deposited in the fund.

Deposit requirements under the act shall expire August 28, 2033.

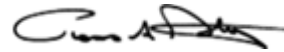
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration - Budget and Planning
Department of Revenue
Missouri Department of Transportation
Missouri Highway Patrol



Julie Morff
Director
February 28, 2023



Ross Strope
Assistant Director
February 28, 2023