Funding for Missouri’s Highways

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Walt Fischer, Budget Analyst
Stephen Witte, Staff Attorney
Missouri Senate, Division of Appropriations and Research

Missouri Highway Facts

- 7th largest state maintained road system in the country – 32,425 miles of road
- 17th largest state population
- MO ranks 39th in revenue per highway mile
The Current State of MO Roads

- 3rd highest percentage of roads in poor and mediocre condition in the nation (costing state motorists an additional $2 billion a year in extra vehicle operating costs)
- 59% of MO roads are in poor and mediocre condition and in need of repair and improvement
- 25% of MO main roads were rated in poor condition in 2001, compared to only 5% in 1995
- In comparison, only 6% of Kansas roads were rated poor

Missouri Department of Transportation (MoDOT)

- Fifteen Year Plan (1992)
  - Promised to expand four-lane highways by 1,700 miles and to connect every city with a population of 5,000 or greater with four-lane highways
  - 59% was spent on rural projects and 41% on urban projects
  - Funded primarily from a six-cent gasoline tax increase
MoDOT

- Flaws in the Fifteen Year Plan
  - Revenue resources proved to be insufficient
  - Plan could not be completed due to inflationary factors not included in original plan and rising administrative and construction costs
  - To complete the Plan, MoDOT estimated taxpayers would have to pay an additional $14 billion over the last 10 years of the plan

MoDOT

- Adopts Five Year Plans (1999)
  - Relies on currently anticipated revenues and list projects to be contracted within the next five years
  - Divided money more evenly between rural and urban areas
  - Abandons Fifteen Year Plan
Legislative Responses

- 1998: Modifies management structure – created joint Committee on Transportation Oversight
- 2000: Authorizes bond sales – limited appropriations from the State Highways and Transportation Fund to General Revenue and required MoDOT to develop a multi-modal, total transportation plan
- 2002: Submitted to voters a 4-cent gas tax increase with a ½ cent sales tax increase (defeated)
- 2002: Removes 2008 termination date for 6-cent gas tax increase authorized in 1992
- 2003: Creates position of inspector general, responsible to General Assembly

Missouri Highway Funding

- Motor Fuel Tax
  - MO gas tax is 3 cents lower than the national average of 20.15 cents per gallon
  - 2003: MoDOT raised approximately $497 million from state gas tax
  - MoDOT maintains 2-3 times more miles of highway, with less revenue, than any of the departments in the 8 surrounding states
Other Sources of Revenue

- Since 1990: motor vehicle sales tax revenue has increased from approximately $61.8 to $131.2 million
- Use Tax: imposed upon vehicles purchased out of state and brought into MO
  - Since 1990, motor vehicle use tax revenue has increased from $31.8 to $49.1 million
- Motor vehicle license, drivers license, and other fees
  - Since 1990, revenue from license fees has increased from $190.3 to $241.3 million

Missouri vs. Its Neighbors

<table>
<thead>
<tr>
<th>State</th>
<th>Miles of Roads on State System</th>
<th>Volume Tax (per gallon)</th>
<th>Sales Tax on Gasoline</th>
<th>Revenue Per Mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Missouri</td>
<td>32,425</td>
<td>17¢</td>
<td>None</td>
<td>$52,812</td>
</tr>
<tr>
<td>Arkansas</td>
<td>16,369</td>
<td>21¢ - 22.5¢</td>
<td>6.25% (except city buses and gasoline)</td>
<td>$40,024</td>
</tr>
<tr>
<td>Illinois</td>
<td>16,247</td>
<td>19¢ - 21.5¢</td>
<td>6.25% (Applies to sales price. For gasohol, only 70% of price subject to tax.)</td>
<td>$169,043</td>
</tr>
<tr>
<td>Iowa</td>
<td>9,727</td>
<td>20.3¢ - 22.5¢</td>
<td>5% refund available for fuels subject to volume tax</td>
<td>$84,771</td>
</tr>
<tr>
<td>Kansas</td>
<td>10,380</td>
<td>24¢ - 26¢</td>
<td>4.9% on fuels not subject to volume tax</td>
<td>$82,849</td>
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<tr>
<td>Kentucky</td>
<td>27,480</td>
<td>12¢ - 15¢</td>
<td>6% of fuels not subject to volume tax</td>
<td>$51,462</td>
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<td>Nebraska</td>
<td>9,993</td>
<td>24¢</td>
<td>5% variable rate on fuels not subject to volume tax</td>
<td>$47,082</td>
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<td>Oklahoma</td>
<td>12,267</td>
<td>13¢ - 16¢</td>
<td>4.9% on fuels not subject to volume tax</td>
<td>$72,623</td>
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<tr>
<td>Tennessee</td>
<td>13,791</td>
<td>16¢ - 20¢</td>
<td>6% on fuels not subject to volume tax</td>
<td>$89,620</td>
</tr>
</tbody>
</table>
The Future of Missouri Highways

- Motor fuel taxes are inadequate for highway funding
- Other sources of revenue need to be considered
  - gasoline sales tax
  - toll roads