

# Funding for Missouri's Highways

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## Missouri Highway Facts

- 7<sup>th</sup> largest state maintained road system in the country – 32,425 miles of road
- 17<sup>th</sup> largest state population
- MO ranks 39<sup>th</sup> in revenue per highway mile

## The Current State of MO Roads

- 3<sup>rd</sup> 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

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- 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

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- 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

State	Miles of Roads on State System	Volume Tax (per gallon)	Sales Tax on Gasoline	Revenue Per Mile
Missouri	32,425	17¢	None	\$52, 812
Arkansas	16,369	21.5¢ - 22.5¢	4.5% (except city buses and gasoline)	\$40, 024
Illinois	16,247	19¢ - 21.5¢	6.25% (Applies to sales price. For gasohol, only 70% of price subject to tax.)	\$169,043
Iowa	9,727	20.3¢ - 22.5¢	5% refund available for fuels subject to volume tax	\$84, 771
Kansas	10,380	24¢ - 26¢	4.9% on fuels not subject to volume tax	\$82,849
Kentucky	27,480	12¢ - 15¢	6% of fuels not subject to volume tax	\$51,462
Nebraska	9,993	24.6¢	5% variable rate on fuels not subject to volume tax	\$47,082
Oklahoma	12,267	13¢ - 16¢	4.5% on fuels not subject to volume tax	\$72,623
Tennessee	13,791	18¢ - 20¢	6% on fuels not subject to volume tax	\$89,620



# The Future of Missouri Highways

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