



# View from the Chair

Missouri Highways and Transportation Commission

## Let's Make Certain We Get The First 2 Cents This Year

April 14, 2015



Dear Reader,

"Don't let the perfect be the enemy of the doable." I recently received this advice from a wise man. In other words, don't risk a possible solution even if it is not everything you need.

In an effort to keep transportation funding legislation alive and moving in the Missouri General Assembly, Sen. Doug Libla today offered a Senate Substitute to his Senate Bill 540. Instead of increasing state fuel taxes by two cents per gallon for three straight years and then tying future rates to the Consumer Price Index it simply calls for a two-cent fuel tax increase beginning January 1, 2016. This, of course, will not come close to closing Missouri's transportation funding gap since MoDOT needs a minimum of six cents. So why the change?

First, Sen. Libla remains committed to working to increase the fuel tax by a total of six cents over the course of three years. The question is how to best accomplish this. Recall that SB 540 was structured in two-cent increments rather than the full six cents in the first year. The reason for this is that the Missouri Constitution limits how much the General Assembly can increase fees or taxes in a year. A two-cent increase is clearly under this limitation and Senate Research confirmed that Sen. Libla's original bill, which called for only a two-cent increase each year – for the next three years – was constitutional in every respect.

Nonetheless, there are some who believe the provisions of Libla's original bill are in conflict with what has become known as the Farmahan Amendment, so named because it was pushed by the Missouri Farm Bureau and then-Gov. Mel Carnahan when voters passed it in 1996. It placed a cap on new state revenue (after considering all reductions) that could be generated without a public vote. That cap currently stands at approximately \$95 million. A two-cent increase is estimated to

generate approximately \$78 million in new revenue with \$55 million going to the state and the balance split equally between counties and cities.

Given the urgency of insuring that the first two cents is enacted this year (remember that waiting even one year to begin increasing the gas tax jeopardizes hundreds of millions of dollars), Sen. Libla made the prudent decision to offer a substitute that will avoid any debate during the legislative process regarding constitutionality. It is not about being right – it is about being practical. It is not perfect – but it is doable.

As badly as Missouri needs the full six-cent solution, there is no reason to provide potential opponents with the chance to hold up or derail the legislation when there is an opportunity to realize some transportation funding increase this session.

Sen. Libla, his committee and other transportation advocates understand that while this will help, it does not solve the problem. The full six-cent increase that 2+2+2+indexing represented is what is needed to match all available federal funds. The only solution will be to repeat this effort each of the next two years – increasing state fuel taxes two cents each time.

Around the country, legislatures in Iowa, Utah, South Dakota, North Carolina and Georgia have increased transportation funding this session through increases in fuel taxes and other fees. Another eight states raised fuel taxes in 2013-2014. Missouri needs to fall in line or fall behind. A failure to further invest in our state transportation system will jeopardize the safety of our citizens and put us at an economic disadvantage in trying to compete with our neighboring states.

The first step in this three-year process, starts now.

Let's get it done.

Stephen R. Miller  
Chairman

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