

Estimated Financial Summary for 2007-2011 Highway and Bridge Construction Schedule

Missouri's Statewide Transportation Improvement Program (STIP) provides a 5-year plan of highway and bridge construction projects, which is financially constrained for each fiscal year. This section provides an overview of MoDOT's revenue and spending assumptions.

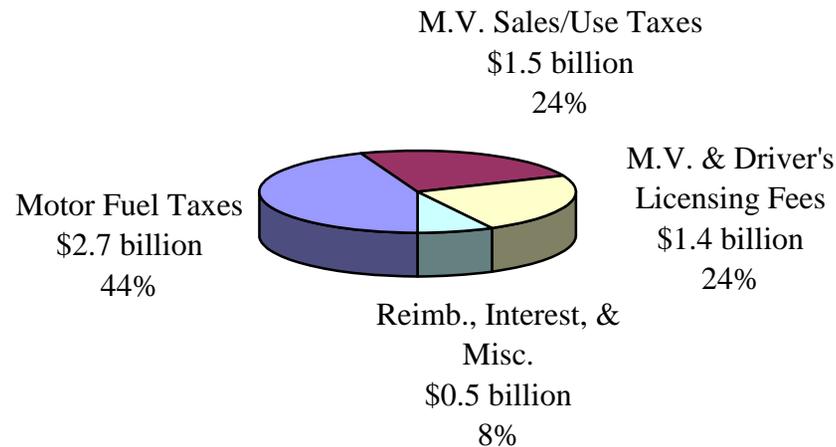
Revenue Sources

State

State revenue sources include motor fuel taxes, motor vehicle sales and use taxes, motor vehicle licensing fees, driver's licensing fees, interest earned on invested funds, cost reimbursements from political subdivisions and other miscellaneous fees.

The largest source of state funding, by far, is the state's motor fuel tax rate of 17-cents per gallon. Motor fuel taxes account for approximately 44% of all state revenue. Motor vehicle sales and use taxes account for approximately 24% of all state revenue. Motor vehicle and driver's licensing fees account for approximately 24% of all state revenue. Cost reimbursements from political subdivisions, interest earned on invested funds, and other miscellaneous collections account for the remaining 8%.

Estimated State Revenue for Fiscal Years 2007-2011



The following table provides a summary of the underlying assumptions used for each major state revenue source:

State Revenue Source	Forecast Assumption
Motor Fuel Taxes	Flat growth in 2007; 1% growth per year thereafter
Motor Vehicle & Driver's Licensing Fees	1.5% growth per year
Motor Vehicle Sales/Use Taxes	2007-2009 growth rates are elevated due to Amendment 3 phase in of additional revenue from reallocation of sales tax revenue: 29% in 2007; 17% in 2008; 15% in 2009; 3% in 2010; 2% in 2011
Reimb., Interest, & Misc.	\$92 million per year

Federal

Federal revenue sources include taxes on motor fuel, tires, truck and trailer sales, and heavy vehicle use. These federal highway user fees are deposited in the Highway Trust Fund in Washington, D.C. The receipts are distributed to the States based on formula apportionments and allocations prescribed by law.

The following table provides a summary of the underlying assumptions for formula apportionments and allocations by year:

Fiscal Year	Apportionments (\$ millions)	90% Obligation Limitation (\$ millions)	Allocations/Discretionary Programs (\$ millions)
2007	\$862	\$776	\$67
2008	\$892	\$803	\$66
2009	\$929	\$836	\$69
2010	\$957	\$861	\$71
2011	\$985	\$887	\$71

In addition, MoDOT uses advance construction to maximize the use of federal revenue. MoDOT estimates there is sufficient state and local funding to match projected federal apportionments for fiscal years 2007-2011.

State and federal financial projections were primarily based on a time series approach, which provides historic growth trends for each revenue stream. However, consideration is given to current economic conditions, legislation and other subjective factors relevant to the revenue source.

Spending:

Non-Construction

Non-construction spending includes salaries, fringe benefits, materials, maintenance and equipment costs. Administrative areas are projected to grow approximately 4% per year. The average annual cash expenditure for this spending is \$809 million.

Other state agency appropriations for the Missouri State Highway Patrol are projected to grow at similar rates as MoDOT's non-construction spending areas. Collection costs for the Missouri Department of Revenue are projected to be the actual collection costs, not to exceed 3% of the fee or tax collected, as provided by Amendment 3. The average annual cash expenditure for this spending is \$207 million.

After deducting these administrative, maintenance, and other state agency costs from state and federal revenue, all remaining revenues are made available for the highway and bridge construction program. The remaining cash available is sufficient to cover expenditures related to the right-of-way and construction program.

Highway and Bridge Construction Program

In preparing for the development of the 2007 – 2011 STIP, MoDOT staff projected that uncommitted funding from state and federal sources would increase by approximately \$61 million per year. In late 2005 and early 2006, MoDOT staff met with Planning Partners to discuss various proposals for the allocation of these additional funds. MoDOT staff also met with Missouri's congressional delegation. As a result, staff focused on four goals in revising the funding distribution policy.

- Improve the condition of Missouri's major highway system.
- Deliver commitments made in the 2006- 2010 STIP.
- Provide regions flexibility in delivering regional priorities and addressing congressional earmarked projects.
- Maintain the integrity of the Planning Framework process.

On February 7, 2006, the Missouri Highways and Transportation Commission approved a modification to the STIP funding distribution. The major modifications are summarized below.

- Increase funds available for Taking Care of the System by \$30 million per year, increasing the total funds in this category from \$430 million to \$460 million per year.
- Increase Flexible funds by \$31 million per year, increasing the total funds in this category from \$100 million to \$131 million per year.
- Reserve discretionary earmark funds prior to the distribution of funds to the districts. These above-formula earmarks are specific to each earmarked project and are distributed accordingly.

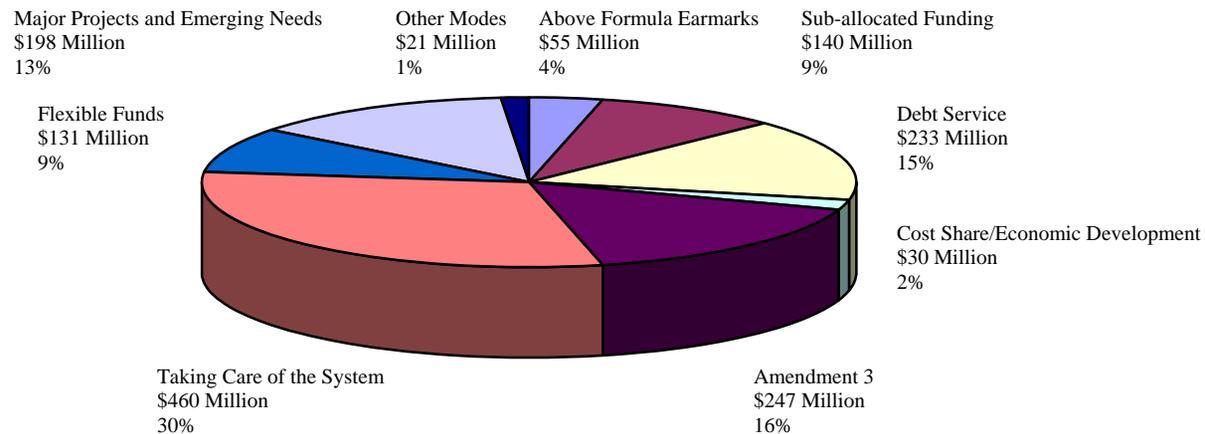
- Allow for the use of district distributed STIP right of way and construction funds on all high priority SAFETEA-LU projects, up to the earmarked amount. These high priority projects are located both on the state system and off the state system.
- Update the data for the funding distribution factors.
- Increase the annual project growth factor from 2 percent to 3 percent (This was subsequently increased to 4 percent).

The 2007 – 2011 STIP includes the remaining Amendment 3 projects. Amendment 3 consists of three elements:

- Element 1 - The Smooth Roads Initiative. The purpose of this element was to improve approximately 2200 miles of Missouri’s heaviest traveled roads with resurfacing and brighter road markings to bring them into good condition. These projects are either completed or under construction. These projects are scheduled to be completed by December 31, 2006.
- Element 2 – The Accelerated Existing STIP Projects. The purpose of this element was to construct previously programmed projects sooner than originally planned. Most of these projects are now under construction. The remaining few projects are included in this STIP.
- Element 3 – The New Major Projects. The purpose of this element was to add new high priority projects. Most of these projects are included in this STIP.

The results of the funding distribution are illustrated below as annual average amounts. Funding for individual years will vary. The first three years have more funding available than the remaining two years. This occurs for a couple of reasons. Most of the Amendment 3 projects will be completed or under construction, and the federal transportation bill, SAFETEA-LU expires on September 30, 2009.

Average Annual Funding Distribution



The financial summary of the highway and bridge construction program is presented below. The summary indicates the overall level of programming and available funds for the five-year STIP, current as of July 11, 2006.

State Fiscal Year	2007	2008	2009	2010	2011	Total
Total Available Funds	\$1,622	\$1,583	\$1,047	\$788*	\$660*	\$5,700
Total Programmed Funds (includes Incidentals)	\$1,608	\$1,446	\$802	\$441	\$407	\$4,704
Percent Programmed	99.1%	91.3%	76.6%	56.0%	61.7%	

*The total available funds reflect current assumptions on resources available for the Highway and Bridge Construction Schedule. Adjustments in these assumptions could result in changes to funds available in these years.