

Transportation Funding IN MISSOURI

How Transportation is Funded in Missouri

The state transportation system is funded from four sources:

- Missouri User Fees and Other Revenue
- Federal Revenue
- Missouri General Revenue
- Bond Proceeds

Missouri User Fees and Other Revenue

\$2,051 million

Missouri user fees are paid by the users of the transportation system and are dedicated for transportation use in the state¹. They include fuel taxes, registration and licensing fees and motor vehicle sales taxes.

The largest source of revenue from Missouri user fees is the state fuel tax. The state fuel tax rate of 22 cents is paid for each gallon of gasoline and diesel fuel sold in Missouri.

¹ Missouri Constitution – Article IV, Section 30(b)

The July 2021 enactment of the additional 12.5 cents of state motor fuel tax will gradually increase the state's previous 17 cents per gallon over five years. It is important to note that Missouri's tax per gallon is collected whether the price at the pump is \$1.99 or \$3.99.

Each year, about four billion gallons of fuel are sold – three billion gasoline and one billion diesel. In fiscal year 2023, Missouri travelers paid **\$942 million** of state fuel taxes – nearly one-half of all Missouri transportation user fees. The July 2021 increase in the state motor fuel tax will gradually increase the tax per gallon by 2.5 cents per year starting in Oct. 2021 and every July 1 through 2025. Eventually, the Missouri tax per gallon will be 29.5 cents per gallon.

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For Missourians who purchase or lease a vehicle, a 4.225% state sales tax is paid. State and local transportation receives revenue from 3.5% of the 4.225% state rate, which totaled **\$517 million** in fiscal year 2023. Revenue from the remaining 0.725% is dedicated to the School District Trust Fund, Department of Conservation and the Department of Natural Resources.

Missouri drivers also pay vehicle registration and driver's licensing fees. The fee amounts vary based on vehicle horsepower for passenger cars, vehicle weight for trucks and class of driver's license. Most of these fees were last increased in 1984, while some were last increased in 1969. In fiscal year 2023, Missourians paid **\$362 million** of vehicle registration and driver's licensing fees.

Other revenue sources include taxes on aviation fuel, railroad fees, interest earned on invested funds and highway construction cost reimbursement from local governments and surrounding states. In fiscal year 2023, Missouri received **\$230 million** in other revenue.

In FY 2023, Missourians Paid:

- **\$942 million** in state fuel taxes,
- **\$517 million** in taxes on vehicle sales and
- **\$362 million** in vehicle registration and license fees.



A significant amount of transportation funding comes from the federal government. Federal funding is generated by the federal fuel tax – 18.4 cents per gallon for gasoline and 24.4 cents per gallon for diesel. Other sources include various taxes on tires, heavy truck and trailer sales, heavy vehicle use tax and general revenue. These revenues are made available to the states based on formulas prescribed by federal law through transportation funding acts. In November 2021, the federal transportation bill, called the Infrastructure Investment in Jobs Act (IIJA), was reauthorized, increasing federal funding to Missouri approximately 25% for five years.

The majority of federal revenue is dedicated to pay for a share of eligible highway improvement costs. The federal share for the eligible costs is typically 80%, with the state or local government providing a 20% match. The amount of federal funding available is fixed, so some eligible costs may not receive federal reimbursement.

“The federal share for the eligible costs is typically **80%**, with the state or local government providing a **20% match.**”

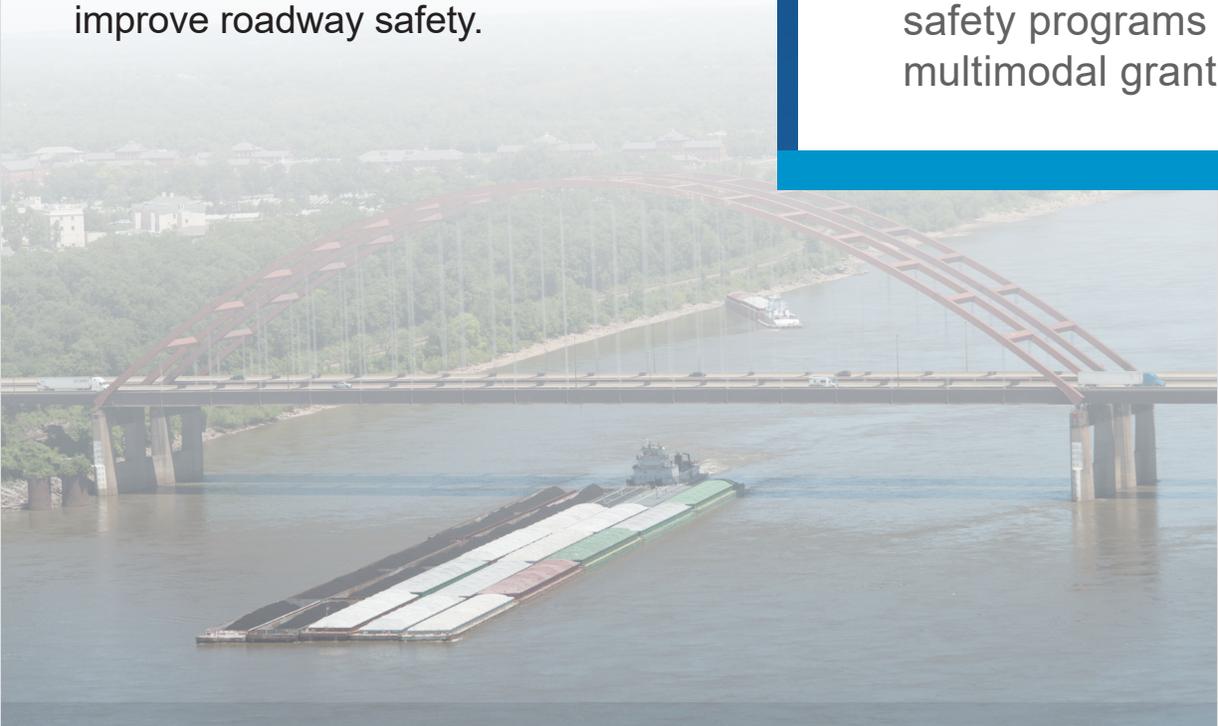
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Many operational costs for transportation, such as plowing snow and mowing right of way, are not eligible for federal reimbursement. In fiscal year 2023, Missouri received **\$1.048 billion** of federal reimbursement for state highway improvements and **\$103 million** for cities and counties.

This revenue source also includes federal funding for multimodal grants totaling **\$65 million** in 2023. Aviation (\$32 million), transit (\$33 million) and rail (\$0.4 million) all receive federal funding. The remaining \$24 million is for highway safety grants to improve roadway safety.

In FY 2023,
Missouri received:

- **\$1.048 billion** in federal reimbursements on state highways,
- **\$103 million** for cities & counties and
- **\$89 million** for federal safety programs and multimodal grants.



Missouri General Revenue

\$185 million



Missouri's General Revenue Fund provided **\$185 million** for transportation purposes in fiscal year 2023, or 5% of transportation revenue. The major sources of funding for Missouri's General Revenue Fund are the state income tax and general sales tax.

The Missouri General Assembly allocates these funds through the annual appropriations process during the state's legislative session. This annual process can be challenging for transportation funding as many projects require a multi-year funding commitment to go through planning, design and construction.

General Revenue Funds can be used for any transportation improvement as directed by the Missouri General Assembly. The \$185 million in fiscal year 2023 included \$35 million in multimodal funding and \$150 million for the Governor's Focus on Bridges, Transportation Cost-Share and Low-Volume Roads programs.

Additional General Revenue Funds

In June, the governor signed the fiscal year 2024 budget, which includes an historic investment of \$3 billion in General Revenue for transportation projects. The investment includes \$2.8 billion (\$1.4 billion in General Revenue funds and \$1.4 billion through a bonding program with \$136 million per year debt service paid by General Revenue funds) to widen and reconstruct 200 miles of Interstate 70, \$100 million to improve rural routes, and \$50 million to upgrade passenger rail crossings. These investments will be reflected in the 2024 Citizen's Guide to Transportation Funding.