

Transportation Funding IN MISSOURI

How Transportation is Funded in Missouri

The state transportation system is funded from three sources:

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

Missouri User Fees and Other Revenue

\$1,663 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 17 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 the next 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 2021, Missouri travelers paid **\$673 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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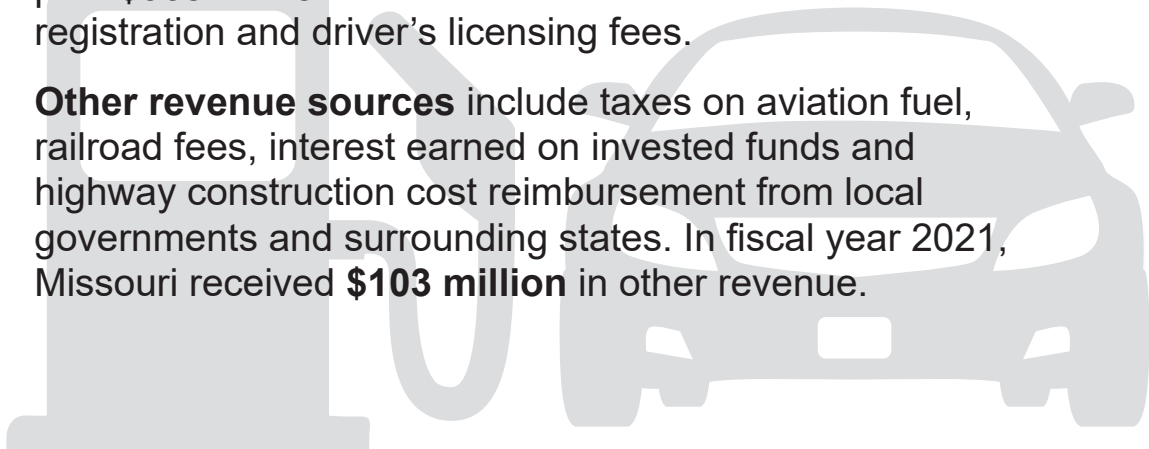
For Missourians who purchase or lease a **vehicle**, a 4.225% **state sales tax** is paid. State and local transportation receives revenue from 3.5% of the 4.225% state rate, which totaled **\$522 million** in fiscal year 2021. Revenue from the remaining 0.725% is dedicated to the School District Trust Fund, Department of Conservation and the Department of Natural Resources.

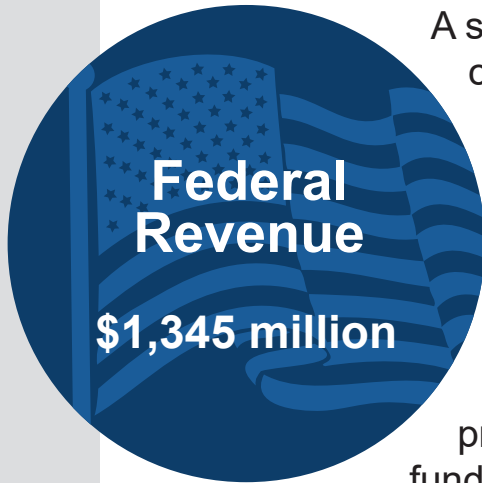
Missouri drivers also pay **vehicle registration and driver's licensing fees**. The fee amounts vary based on vehicle horsepower for passenger cars, vehicle weight for trucks and class of driver's license. Most of these fees were last increased in 1984, while some were last increased in 1969. In fiscal year 2021, Missourians paid **\$365 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 2021, Missouri received **\$103 million** in other revenue.

In FY 2021, Missourians Paid:

- **\$673 million** in state fuel taxes,
- **\$522 million** in taxes on vehicle sales and
- **\$365 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 distributed to the states based on formulas prescribed by federal law through transportation funding acts. The previous transportation funding act, Fixing America’s Surface Transportation (FAST) Act, authorized federal programs for the five-year period from 2016-2020. It expired Sept. 30, 2020, but was extended for another year by continuing resolution. In Nov. 2021, the federal transportation bill, called the Infrastructure Investment and Jobs Act (IIJA), was reauthorized. The new bill is estimated to increase federal funding to Missouri approximately 25% for the next 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 reimbursement.

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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 2021, Missouri received **\$1,149 million** of federal reimbursement for state highway improvements and **\$113 million** for cities and counties.

This revenue source also includes federal funding for multimodal grants totaling **\$65 million** in 2021. Aviation (\$40 million), transit (\$24 million) and rail (\$0.3 million) all receive federal funding. The remaining \$18 million is for highway safety grants to improve roadway safety.

In FY 2021,
Missouri received:

- **\$1,149 million** in federal reimbursements on state highways,
- **\$113 million** for cities & counties and
- **\$83 million** for federal safety programs and multimodal grants.



Missouri General Revenue

\$62 million



Missouri's General Revenue Fund provided **\$62 million** for transportation purposes in fiscal year 2021, or 2% 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 \$62 million in fiscal year 2021 included \$15 million in multimodal funding and \$47 million for the Focus on Bridges and the Governor's Transportation Cost Share programs.

Focus on Bridges

In fiscal year 2020, MoDOT borrowed \$201 million as part of the Focus on Bridges Program. The Focus on Bridges Program provided \$351 million in funds to repair or replace 250 bridges on the state highway system. The Focus on Bridges Program provided \$50 million of General Revenue in fiscal year 2020 to fund approximately 45 bridge projects. The remaining \$301 million is funded by bond proceeds with General Revenue Fund monies being made available for debt service payments over seven years.