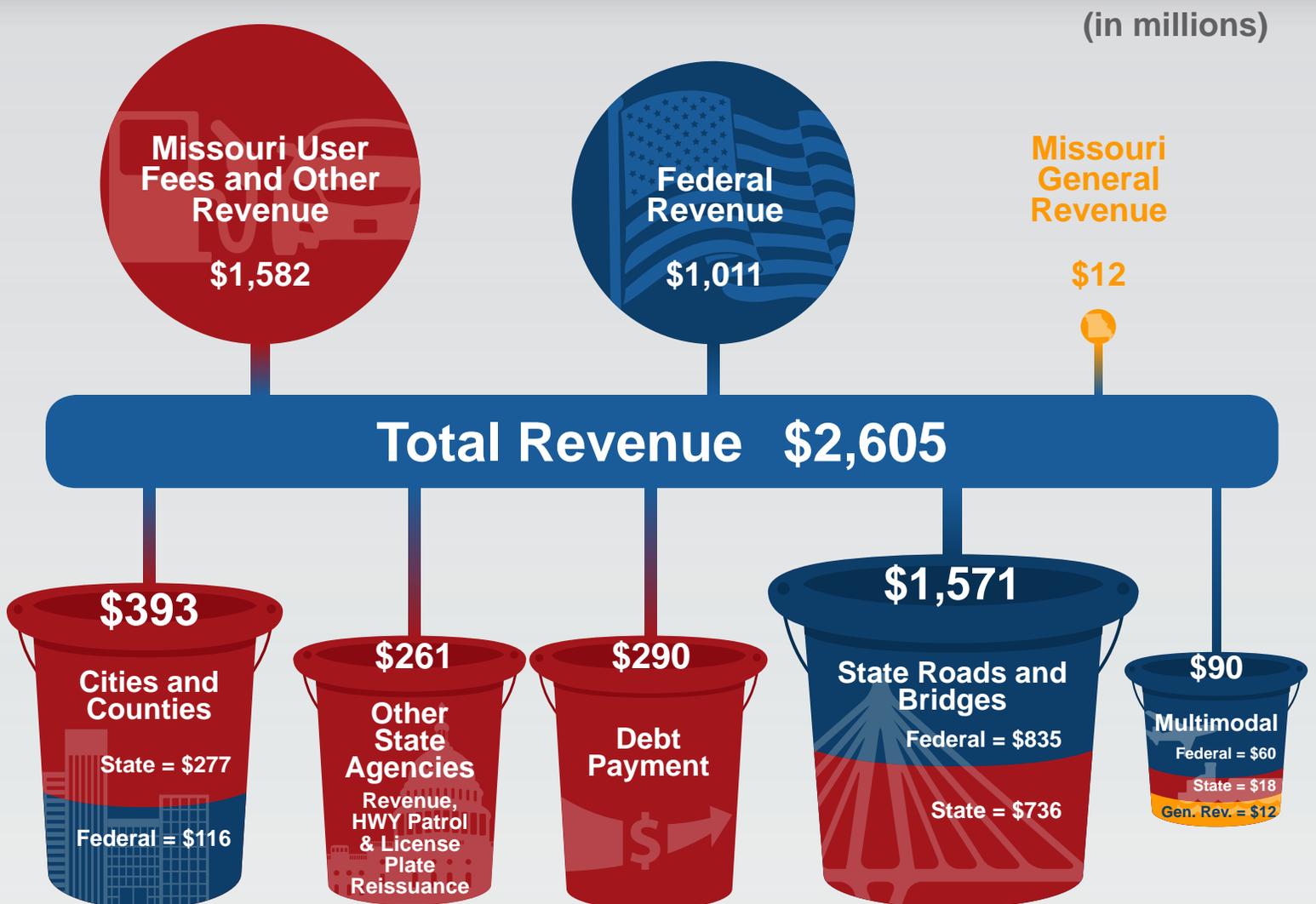


OVERVIEW

Missouri Transportation Funding – Overview

Missouri’s transportation revenue totaled almost \$2.6 billion in fiscal year 2018. As shown below, nearly two-thirds of the revenue came from state user fees and one-third from federal revenue. A small fraction of funds came from Missouri’s General Revenue Fund, which receives revenue from the state income tax and the state’s general sales tax.

The \$2.6 billion of revenue is distributed into five “buckets” for various transportation purposes as determined by state and federal laws. Each bucket has a unique blend of state and federal revenue, as depicted by the red, blue and gold colors. The following pages provide a detailed look into each revenue source and funding bucket.



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

\$1,582 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)

It is important to note that 17 cents per gallon is collected whether the price at the pump is \$1.99 or \$3.99. The 17-cents-per-gallon rate was last increased in 1996 and today has the purchasing power of only 7 cents – **less than half of what it could purchase 20 years ago**.

Each year, about four billion gallons of fuel are sold – three billion gasoline and one billion diesel. In fiscal year 2018, Missouri travelers paid **\$706 million** of state fuel taxes – nearly one-half of all Missouri transportation user fees.

Transportation Funding IN MISSOURI

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 **\$426 million** in fiscal year 2018. 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 2018, Missourians paid **\$326 million** of vehicle registration and drivers 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 2018, Missouri received **\$124 million** in other revenue.

In FY 2018, Missourians Paid:

- **\$706 million** in state fuel taxes,
- **\$426 million** in taxes on vehicle sales, and
- **\$326 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 current transportation funding act, Fixing America’s Surface Transportation (FAST) Act, authorizes federal programs for the five-year period from 2016 through 2020.

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 percent, with the state or local government providing a 20 percent match. The amount of federal funding available is fixed, so some eligible costs may not receive reimbursement.

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

Transportation Funding IN MISSOURI

Many operational costs for transportation, such as plowing snow and mowing right of way, are not eligible for federal reimbursement. In fiscal year 2018, Missouri received **\$819 million** of federal reimbursement for state highway improvements and **\$116 million** for cities and counties.

This revenue source also includes federal funding for multimodal grants totaling **\$60 million** in 2018. Transit (\$28 million), aviation (\$29 million) and rail (\$3 million) all receive federal funding. The remaining **\$16 million** is for highway safety grants to improve roadway safety.



In FY 2018,
Missouri received:

- **\$819 million** in federal reimbursements on state highways,
- **\$116 million** for cities & counties and
- **\$76 million** for federal safety programs and multimodal grants.

Missouri General Revenue

\$12 million



Missouri's General Revenue Fund provided **\$12 million** for transportation purposes in fiscal year 2018, or 0.5% 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 \$12 million in fiscal year 2018 was directed to multimodal funding.