

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

\$1,592 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 state fuel tax was last increased in 1996 and today has the purchasing power of only 6 cents – **less than half of what it could purchase 24 years ago**. Due to inflation, MoDOT loses \$50-60 million in purchasing power each year.

Each year, about four billion gallons of fuel are sold – three billion gasoline and one billion diesel. In fiscal year 2020, Missouri travelers paid **\$692 million** of state fuel taxes – nearly one-half of all Missouri transportation user fees.

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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 **\$419 million** in fiscal year 2020. 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 2020, Missourians paid **\$324 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 2020, Missouri received **\$157 million** in other revenue.

In FY 2020, Missourians Paid:

- **\$692 million** in state fuel taxes,
- **\$419 million** in taxes on vehicle sales, and
- **\$324 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, 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.

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 2020, Missouri received **\$861 million** of federal reimbursement for state highway improvements and **\$91 million** for cities and counties.

This revenue source also includes federal funding for multimodal grants totaling **\$55 million** in 2020. Transit (\$31 million), aviation (\$24 million) and rail (\$0.3 million) all receive federal funding. The remaining **\$19 million** is for highway safety grants to improve roadway safety.



In FY 2020,
Missouri received:

- **\$861 million** in federal reimbursements on state highways,
- **\$91 million** for cities & counties and
- **\$74 million** for federal safety programs and multimodal grants.

Missouri General Revenue

\$69 million



Missouri's General Revenue Fund provided **\$69 million** for transportation purposes in fiscal year 2020, 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 \$69 million in fiscal year 2020 included \$19 million in multimodal funding and \$50 million for the Focus on Bridges program.

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 the next seven years.