

Legislative Bulletin



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P.O. Box 1247, 102 East High Street ★ Jefferson City, Missouri 65101 ★ Phone (573) 634-3388 ★ Fax (573) 634-4197 ★ www.motrucking.org
Tom Crawford, President ★ mota@motrucking.org ★ Ginger Steinmetz, Legislative Consultant

2014 Session Over Half Way Point

We are just over half way through the legislative session. Bill filing has closed and the House and Senate have started picking up the pace with afternoon sessions and debating more issues on the House and Senate floor. Legislative spring break began Thursday, March 19th and ends Monday, March 30th. Finalizing the budget will be their top priority when they return.

Budget Process Gathering Speed, Pressuring Nixon

In an effort to pressure Governor Nixon's approval of the budget, legislators are aiming to have the budget on his desk by April 17 at the latest. The Governor will have 15 working days to either sign or veto various line items giving the legislature ample time to override any line item vetoes.

Senator Kurt Schaefer has commented on the legislature's goal saying, "The goal is to be in a position to come back in September and only be dealing with the withholds. With Amendment 10, we can come back and address just those withholds as opposed to also having to vote on all these line items as well." Amendment 10 was approved by voters in November and gives the legislature the ability to override withholds like they can vetoes. Representative Scott Fitzpatrick commented on the amendment saying, "The reason Amendment 10 was crafted the way it was, which was that it still preserved the governor's ability to withhold and that it made it just as hard to override a withhold as a veto was that we wanted it to be difficult to override a withhold. Because, let's face it, there are unforeseen consequences that can occur and cause a budget to be out of balance. At the time, we're basing a budget on an estimation of how much we're going to have. More often than not, we hit that number, but last year, there were circumstances where we didn't."

Within the \$26.1 billion state budget MoDOT's budget is primarily included in House Bill 4. The House approved the following general revenues to MoDOT:

- \$500,000 for the State Transit Assistance Program;
- \$3 million for Port Capital Improvements;
- \$250,000 for an Ashland Project;
- \$8.9 million for Amtrak Passenger Rail Service; and
- \$1.2 million for the Missouri Elderly and Handicapped Transportation Assistance Program.

HB 4, as approved by the House, also included language in the title clause to prohibit MoDOT from expending funds for the purpose of aerial travel within the state of Missouri by the Commission and restricting MoDOT from buying habitat mitigation credits.

Mark-up has begun in Senate Appropriations and will continue when they return from spring break. It appears the mark-up process will be finished by April 10th which will allow two weeks to debate the bills on the Senate Floor and conference with the House to work out the differences before submitting the budget to the Governor by April 17th.

Senate Committee Hears Fuel Tax Proposal

On Wednesday, the Senate Transportation, Infrastructure and Public Safety Committee conducted a public hearing on SB 540, sponsored by Sen. Doug Libla. Currently, there is a 17.3 cents per gallon tax on motor fuels. This act increases the tax by two cents immediately and by an additional four cents over the next two years. Once fully phased in, the rate of tax will be 23.3 cents per gallon. The tax will be adjusted annually for inflation beginning three years after the effective date of the act. The act also contains an emergency clause.

Sen. Libla told committee members this legislation is coming at a critical time because MoDOT will not have sufficient revenue to match federal funds in the near future. He also stated the current fuel tax which was last raised in 1996 is the equivalent of only eight cents per gallon in today's dollars.

There was a large contingent of support with everyone expressing the immediate need for increased funding for Missouri's crumbling transportation infrastructure. Missouri Trucking Association President Tom Crawford was among those who testified in support but expressed concern with the CPI/COLA provision. Crawford told the committee he believed the proposed increase as written would trigger the Hancock Amendment. Others testifying in support were MO Dump Truckers Association, Pettis County Commissioner, Capital Sand, Dan Altoff Trucking, Site Improvement Association, MO Chamber of Commerce and Industry, Magic Construction, Associated General Contractors of Missouri, Show-Me Institute, Northwest Regional Chamber of Commerce, Associated Industries of Missouri, Missouri Transportation Council, MO Asphalt Pavement Association, MO Bicycle and Pedestrian Association, Council of Engineering Companies, MO Society of Professional

Engineers, AAA Autoclub of Missouri, Missouri Municipal League, Heavy Constructor Association of Kansas City, Empower Missouri, Plumbers and Pipefitters of St. Louis, MO AFL-CIO, MO Parks and Recreation Association, St. Louis County, and Construction Employers Coalition.

Testifying for informational purposes were MO Petroleum Marketers and Convenience Store Association who stated their membership was split on the issue as there is a concern this would put them at a competitive disadvantage with three of Missouri's Border States and could decrease demand for fuel.

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Also testifying was MoDOT Director, Dave Nichols. Director Nichols told committee members that the department has done a lot of right sizing over the last five years and will not expand the current staffing levels. He told committee members this bill, if passed, would eliminate the current 325 Program and would also bring back the popular cost share program. He said this would allow the department to keep its head above water but would not fund large scale needs such as I-70 or I-44.

There was no testimony in opposition and the committee took no further action on the measure.

Several New Measures Introduced to Increase Transportation Funding

The deadline for the House and Senate to file separate pieces of legislation for the 2015 legislative session has now ended. While some bills may advance as standalone proposals, others may become amendments and could be added on to other pieces of legislation. No issue or topic is "dead" – officially – until the last day of session, which is May 15 at 6:00 p.m.

The following list of transportation-related funding proposals have been filed this session. The only bill expected to advance this year is SB 540, sponsored by Sen. Doug Libla.

House Bill 689, sponsored by Bart Korman, establishes the "divided highway transportation fund" with monies generated from fees or fines collected as a result of traffic stops or violations on or along interstates or divided highways. Monies are divided between MoDOT, municipalities, schools and the state highway patrol.

House Bill 738, sponsored by Rep. Dave Hinson, beginning Jan. 1, 2016 tax on motor fuel would change from the current gallon fuel tax to a wholesale tax rate.

House Bill 823, sponsored by Rep. Bart Korman, increases all license, taxes and fees associated with the highway fund. The annual increase or decrease is based on the percent increase or decrease in inflation as determined by the Consumer Price Index.

House Bill 995, sponsored by Keith English, increases the motor fuel tax by 2 cents - from 17 cents to 19 cents per gallon.

House Bill 1168, sponsored by Rep. Margo McNeill, increases the tax imposed on motor fuel tax from seventeen cents per gallon to nineteen cents per gallon.

House Bill 1171, sponsored by Rep. Dave Hinson, this is a shell bill for a funding proposal yet to be determined.

House Bill 1198, sponsored by Eric Burlison, specifies that no appropriation from general revenue to MoDOT shall be expended if the department has spent funds from the State Road Fund for the same or like purposes.

House Bill 1309, sponsored by Rep. Caleb Jones, specifies that the MHTC is authorized to enter into highway design-build project contracts that total greater than \$50 million.

House Bill 1327, sponsored by Rep. Bart Korman, establishes a "miles driven" fee of up to \$200 for a one-year and \$400 for a two-year to each owner registering or renewing the registration of a motor vehicle.

House Bill 1360, sponsored by Rep. Warren Love, increases the tax on the state average wholesale price of unleaded and diesel fuel by 2%.

House Bill 1362, sponsored by Rep. J. Eggleston, allows transportation development district to submit to the voters an increase in the motor fuel tax as an option for funding a district project.

House Joint Resolution 33, sponsored by Rep. Scott Fitzpatrick, proposes a constitutional amendment. If passed by voters, Jan. 1, 2017 one tenth of one percent of general sales tax would be deposited in the state road fund and increased by one tenth of one percent each year until the total rate equals one half of one percent. No increase occurs unless the net amount of general revenues collected in the previous fiscal year exceeds the highest amount of net general revenues in any of the three fiscal years prior by at least 3%.

House Joint Resolution 42, sponsored by Rep. Rick Brattin, proposes a constitutional amendment that would prohibit the state from issuing or authorizing new tax credits for a fiscal year following a fiscal year in which MoDOT fails to obligate the total federal highway aid for road and bridge construction and maintenance. A commission will be created to determine whether or not this funding level has been met. The commission will consist of five members appointed by the President Pro Tem of the Senate, Minority Leader of the Senate, Speaker of the House, Minority Leader of the House, and Governor. The commission must file a report with the General Assembly by December 31, 2019 and every two years thereafter.

House Joint Resolution 52, sponsored by Rep. Warren Love, proposes a constitutional amendment for a 2% increase in the state sales tax to be used for transportation funding. This amendment is to be submitted to the voters for renewal every 10 years.

Senate Bill 540, sponsored by Senator Doug Libla, (see report above) increases the fuel tax by 2 cents immediately and by an additional four cents over the next two years. Once fully phased in the rate of tax will be 23.3 cents and will be adjusted annually for inflation beginning three years after the effective date of the act.

Weight Increase in Omnibus Agriculture Bill Nears Final Passage

On March 19, the House passed SB 12, sponsored by Sen. Brian Munzlinger. SB 12 is an omnibus agriculture bill and contains similar provisions as SB 506 that passed last session and vetoed by Gov. Nixon due to captive deer provision. This session SB 12 does not contain the captive deer provision.

SB 12 contains language relating to the Dairy Revitalization Act, pesticide applications, fuel labeling, foreign ownership of farm land, beef commodity check off as well as vehicle weight increases to 85,500 pounds for hauling livestock and a 10 percent increase in vehicle weights for grain haulers during harvest season. The House passed SB 12 by a vote of 101 to 48.

SB 12 goes back to the Senate for one more vote before it can be sent to the Governor's desk.

Joint House Committee Hears Testimony from MoDOT

On March 12, a joint committee of the House Transportation and Government Efficiency Committees met to hear testimony on MoDOT's operation as it relates the department's current state and future policy decisions which may be necessary for the legislature to address during the 2015 legislative session.

On Feb.12, Speaker of the House John Diehl (R-Town and Country), established the joint committee to study. A final report is due to the Speaker from the committee by March 20.

MoDOT Director Dave Nichols began his public testimony by stating Missouri has the 46th largest road and bridge system in the nation with the seventh lowest funding. The director discussed MoDOT's Bolder Five Year Direction and stated that March 1 marks the fifth year of the program. Director Nichols stated that over \$600 million was put back into the highway system from reducing staff, consolidating buildings and districts and selling excess pieces of equipment.

MoDOT's Chief Financial Officer Roberta Broeker, answered financial questions relating to a series of issues stemming from the committee members. At the direction of the committee, Ms. Broeker spoke on the issues of:

- Existing Collaborative Plans (i.e. working with other state agencies such as Office of Administration)
- Utilization of Master Contracts (i.e. working with the Office of Administration to purchase vehicles at a lesser rate)
- Compliance with Performance Audit Recommendations by the State Auditor's Office (discussion of the last 10 years)
- Reliance on Office of Administration support staff
- Privatization decision making criteria
- Bonding capacity and utilization
- Fuel tax analysis (i.e. options)
- User fee options (i.e. tolling I-70)
- MoDOT financials

Director Nichols and Ms. Broeker discussed issues involving state and federal transportation funding questions. These issues ranged from increasing the fuel tax, tolling to increasing the general sales tax rate. The committee took no action.

Senate Confirms Tom Waters to Commission

On March 19, the full Senate gave approval to Gov. Nixon's appointment of Tom Waters to serve on the Missouri Highways and Transportation Commission.

Commissioner Waters who lives in Orrick, is a Missouri farmer who produces corn, soybeans, wheat and alfalfa. He also serves as chairman of the Missouri Levee and Drainage District Association. He is also the past president of the Missouri-Arkansas Basins Association.

Senate Confirms Major Bret Johnson as Superintendent of Highway Patrol

The Senate also confirmed Major Bret Johnson as Superintendent of MO State Highway Patrol. Major Johnson has been with the patrol for 28 years and says he's honored with the opportunity and responsibility to lead the agency. "I look forward to working with the entire patrol team to turn the public safety challenges of today into opportunities for tomorrow, as together we move this great agency forward," said Johnson. Johnson will take over leadership of the agency on May 1st.

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