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TRANSPORTATION FUNDING SUMMITS BEING HELD: Over the course of the next several months, transportation advocates from all over the state – have or will be - hosting public forums as an effort to educate Missouri taxpayers on what is expected to happen to transportations funding in the very near future.

MoDOT’s Director, Pete Rahn, best explains the need for additional transportation revenue as “The Perfect Storm” that is brewing.

Director Rahn says there are three storms brewing in transportation and they are about to all come together unless some action is taken in the very near future:

1. Amendment 3 monies will be fully disbursed for the next 20 years by 2009. Amendment 3 bonding was a decision made by the voters to accelerate many highway projects around the state.
2. Federal funding in the Highway Trust Fund will run out of funds in 2009. This could require Congress to raise revenues to ensure the trust fund stays fluent with needed funding.
3. SAFETEA-LU is reallocated at the Federal level. The Federal government has always grown the allocation to states. However, with the trust fund running out of funds it appears this could be the first time the federal government will not be able to allocate the same or additional federal dollars as it had done so in years past.

What does this all mean for transportation funding? By the year 2010 Missouri’s transportation funding could go from \$1.4 billion to \$569 million a year. At the \$569 million level, MoDOT will only able to operate in a “maintenance mode” with little or no funding available for new construction projects.

While MoDOT can illustrate what the transportation needs are for the state and how those funds could be spent, it will be up to our state’s elected officials and special interest groups to design a solution that will have to be eventually introduced to Missouri voters for their approval.

In June, the Missouri Transportation Development Council hosted a public forum where three different funding options were introduced as ways to solve our state’s transportation funding crisis.

The first proposal was introduced by Sen. Bill Stouffer (R-Napton). Sen. Stouffer’s plan is very short and straightforward. His proposal would simply raise the state’s general sales tax rate by one-cent and would sunset in 10 years.

The second option was introduced by Rep. Neal St. Onge (R-Ellisville). His plan includes: increase car license fees \$15, truck license fees \$20, gas tax \$.04, diesel tax \$.06, 2 percent sales tax on fuel, .05% general sales tax, with a sunset of 6 years. His plan would rebuild I-70, give public transit \$8.3 million/year, ports \$7 million/year and state transportation formula \$69,975,952/year.

Both the Senator and Representative introduced similar legislation during the 2007 legislative session.

A third option, supported by Sen. Matt Bartle (R-Lees Summit), is to change Missouri's Constitution to allow tolls to be collected for those who use the interstate system for travel. According to Sen. Bartle, tolls are the truest form of a "user fee".

While no single funding solution overshadows the other at this time, the "word" is starting to spread and transportation advocates are beginning to understand that there is a real need for additional transportation dollars if the state of Missouri wants to be the nation's hub for transportation.

Other Transportation Funding Summits include or have included:

- The Springfield Chamber of Commerce – June 22
- St. Louis Regional Commerce and Growth Association – July 19
- Joint Committee on Transportation Oversight – July 31

GOVERNOR SIGNS LEGISLATIVE PROPOSALS INTO LAW: July 14 was the last day for Governor Blunt to sign legislation, passed by the 2007 General Assembly, into law. The following is a summary of some of the more important transportation-related bills that take effect Aug. 28.

HCS/SCS/SB 384 - This act will modify the stolen license plate tabs procedure for obtaining free tabs from the Department of Revenue. Under current law, a person replacing stolen license plate tabs may receive two sets of two license plate tabs for free if the person submits a police report with the application. This act would modify the procedure by requiring any person replacing stolen license plate tabs issued prior to January 1, 2009, to submit a notarized affidavit to that effect. For persons replacing stolen license plate tabs issued on or after January 1, 2009, the person will have to submit a police report with his or her application.

CCS/HCS/SB 30 - This bill enacts several new "transportation-related" provisions into law. Specifically, the act:

- allows for an exemption from the motor fuel tax for motor fuel sold for use by an interstate transportation authority, a city transit authority, or a city utilities board to operate a public mass transportation facility. This exemption will cost MoDOT about \$1 million in highway funds a year;
- removes the "solely in interstate commerce" requirement for the state and local sales and use tax exemption for motor vehicles used by common carriers.

- allows common carriers authorized to transport household goods to file applications with the Highways and Transportation Commission for approval of rates to reflect increases and decreases in the carrier's costs. This provision was also passed in HB 28.
- repeals the exemption allowing intrastate household goods movers to operate wholly in municipalities, between contiguous municipalities, or commercial zones without obtaining operating authority from the Department of Transportation, beginning January 1, 2008.

HCS/SB 322 - This act contains a change that modifies several provisions relating to construction-related activities. First, the Second State Capitol Commission is allowed to control copyrights and trademarks for any photograph, written work, art object, or any product created of the Capitol or Capitol grounds by granting access or use of the work. Any money received must be deposited into the Capitol Commission Fund to be used for repairs, refurbishment, or creation of decorations or adornments for the Capitol or its grounds.

Second, the act renames the Division of Facilities Management to the Division of Facilities Management, Design, and Construction and expands its responsibilities to include the supervision of any design, construction, renovation, or repair of state facilities. An open bidding process will be used for all projects in excess of \$100,000. For projects costing between \$25,000 and \$100,000, a minimum of three contractors must be solicited with the contract awarded to the lowest, responsive, responsible bidder.

Finally, this act modifies other provisions relating to construction-related activities by extending the commercial zone surrounding the City of St. Louis 25 miles beyond its city limits. The current law extends the commercial zone 18 miles beyond the St. Louis city limits. The act further extends the commercial zone throughout St. Charles County. The act also establishes a commercial zone east of the city limits of Missouri City along state route 210 and northwest from the intersection of state route 210 and state route 10 to include the boundaries of Excelsior Springs. Also, the commercial zone boundary in St. Joseph is extended.

HCS/SB 127 - Current law allows uniformed members of the highway patrol to purchase, prior to retirement, up to four years of creditable service for any time such person served as a non-federal full-time public employee in this state prior to becoming a member of the system. This act extends the aforementioned provision to every member of the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS), which includes each employee of the Highways and Transportation Commission, each uniformed member of the highway patrol, and each civilian or non-uniformed employee of the state highway patrol. Further, the act removes a provision requiring the filing of an affidavit stating that the member is not receiving credits or benefits from any other public plan for the service to be purchased.

The act also states that all such creditable service payments must be completed prior to retirement or termination of employment. If a member who purchased creditable service dies prior to retirement, the surviving spouse may, upon written request, receive a refund of the amount contributed for such purchase of such creditable service, provided that the surviving spouse is not entitled to receive survivorship benefits.

The act also provides that there shall be two retirees on the board of trustees for the MPERS retirement system, rather than one, in addition to board members provided in current law. One retiree shall be elected by the retired employees of the transportation department and the other shall be elected by the retired employees of the civilian or uniformed highway patrol. The retiree serving on the board on August 28, 2007, shall continue to serve on the board as a representative of the retired employees of the transportation department until June 30, 2010. An election shall be held before January 1, 2008 for the retiree to be elected by the retired employees of the civilian or uniformed highway patrol; such term shall begin January 1, 2008, and expire on June 30, 2010.

HB 56 - This bill designates a memorial bridge and several memorial highways including:

- The portion of State Highway 74/34 from the Missouri/Illinois state line west to the intersection of Business Loop 55/U. S. Highway 61/State Highway 34 in Cape Girardeau County as the "John Oliver Jr. Parkway";
- The portion of U. S. Highway 60 from the intersection of U. S. Highway 60 and State Route ZZ to the intersection of U. S. Highway 60 and State Highway 25 in Stoddard County as the
- "Sergeant Carl Dewayne Graham Jr. Memorial Highway";
- The portion of State Highway 112 from the intersection of State Highway 76 south to the intersection of State Route AA in Barry County as the "Deputy Christopher Lee Castetter Memorial Highway";
- The portion of State Route M between Old Lemay Ferry Road and Moss Hollow Road in the City of Barnhart as the "Officer Stephen Strehl Memorial Highway";
- The portion of U. S. Highway 61/67 between Wolf Hollow Road and State Route M in the City of Barnhart as the "1922 Sulphur Springs Rail Disaster Memorial Highway";
- The portion of State Highway 110 from U. S. Highway 67 to State Highway 21 in Jefferson County as the "DeSoto Railroad Employees Memorial Highway";
- The portion of Interstate 44 from the city limits of St. Louis to the intersection of Kingshighway as the "Officer Michael Barwick Memorial Highway";
- The new bridge over the Missouri River on Interstate 29/35 in Kansas City as the "Christopher S. Bond Bridge"; and
- The portion of State Highway 7 from the south edge of the city limits of Blue Springs south to the intersection of U. S. Highway 50 as the "Larry Stewart Secret Santa Memorial Highway."

SB 22 – Among several provisions found in this act, one provision exempts the purchase of materials used in MoDOT construction projects from state and local sales taxes. This cost savings could be passed onto MoDOT in terms of lower project costs. It is estimated this savings could range from \$25 to \$30 million a year.

SB 225 - This act creates the Hunting Heritage Protection Areas Act. Subject to all applicable state and federal laws, and any local law in effect as of Aug. 28, 2007, the discharge of firearms for hunting, sport, and other lawful purposes shall not be prohibited in hunting heritage protection areas, which are defined as the 100-year floodplains of the Missouri and the Mississippi Rivers as designated by the Federal Emergency Management Agency.

Certain areas are exempt from the act, which are: areas designated as "urbanized areas" according to the 2000 U.S. Census; land used by facilities that are regulated by the Federal Energy Regulatory Commission; land used for the operation of physical ports of commerce and customs ports; land within Kansas City and St. Louis City; and land located within one-half mile of an interstate highway, as such highway exists as of Aug. 28, 2007.

No new tax increment financing (TIF) project may be authorized in a hunting heritage protection area after Aug. 28, 2007, except for the purposes of improving existing flood or drainage protection or for constructing or operating a renewable fuel production facility, provided that no new development results as a result of the projects. TIF projects or districts approved prior to the effective date of this act may make certain modifications.

GOVERNOR VETOS BILL THAT WOULD HAVE COST TRANSPORTATION MILLIONS OF DOLLARS:

On July 6, Gov. Blunt vetoed an omnibus "economic development bill" that would have cost the state hundreds of millions of dollars in tax breaks and incentives.

SS/SCS/HCS/HB 327 would have cost MoDOT about \$7 million in operating funds the first year of implementation. That figure would have only increased in future years.

The exemptions found in HB 327 that would impact transportation included:

- Motor fuel tax exemption for school buses;
- Sales tax exemption for new diesel-powered vehicles less than 8,500 pounds;
- Sales tax exemption on new E-85 vehicles (one year exemption); and
- Fuel tax exemption for transoceanic flights.

Throughout the legislative session, MoDOT opposed all fuel and sales tax exemption proposals on the basis that exemptions can mean less money is readily available to complete various transportation projects.

\$21.5 BILLION STATE BUDGET SIGNED INTO LAW – During the last week of June, Gov. Blunt approved the state's \$21.5 billion budget for fiscal year 2008. The overall spending plan is about 3.3 percent higher than the current year's budget, reflecting inflationary growth. The budget includes more money for schools, colleges and medical providers, along with raises for judges, some elected officials and state employees.

A STORY WORTH REPEATING: The following was a news release distributed by MoDOT's Community Relations division. It's a good news story worth repeating.

Report Shows Big Improvement in Missouri Roads

Missouri's rank in overall performance of its state highway system jumped 11 spots in one year, from 28th in 2004 to 17th in 2005, according to figures released Thursday by the Reason Foundation – the second-largest increase in the nation, trailing only Nevada.

For the five-year period from 2000 to 2005, Missouri's jump was even more dramatic -- from 39th to 17th in overall performance. Missouri was second only to New Mexico in the largest five-year improvement.

The non-profit research and education organization cited Missouri's major improvements in road conditions statewide. Missouri also had the third lowest administrative costs per mile and the sixth lowest project expenses per mile – key measures of efficient operations and management.

“This report is testimony to the rapid work we've done to make our roads smoother and safer and to our efforts to keep costs low and complete projects on time and within budget,” said Pete Rahn, director of the Missouri Department of Transportation.

In 2005, MoDOT was only partially finished with its Smooth Roads Initiative, so Missouri's ranking would likely be even higher if 2006 data were used, Rahn said.

MoDOT's Smooth Roads Initiative, which improved 2,200 miles of the state's busiest highways, brought 74 percent of Missouri's major highways up to good condition, an increase from 47 percent in 2004. MoDOT completed the initiative in December 2006, a year ahead of schedule.

The state's lowest score came on deficient bridges, which MoDOT plans to address with its Safe & Sound Bridge Improvement Program. Under that initiative, 800 of the state's worst bridges will be repaired or replaced by 2012.

The report also showed Missouri had the sixth lowest revenue per mile of any state, while having the seventh largest highway system, with 32,464 miles.

“So, while holding down and focusing expenditures, Missouri faces continuing challenges, but is moving in the right direction,” the report concluded.

Also on Thursday, a national transportation research group, TRIP, said Missouri had improved road and bridge conditions, enhanced highway safety and eased congestion with additional funding from Amendment 3. In addition, a recent survey of truckers nationwide showed Interstates 70 and Interstates 44 in Missouri among the nation's most improved highways.

Despite this progress, both the Reason Foundation and TRIP reports warned about future transportation challenges. According to TRIP, MoDOT's annual construction program will sharply fall from \$1.23 billion in 2008 to \$569 million in 2010. The state faces a transportation-funding shortfall of \$18 billion over the next 20 years.

The Reason Foundation report can be found online at <http://reason.org/ps360/>. The TRIP report is on the Web at www.tripnet.org.

GOVERNOR SETS SPECIAL ELECTION FOR ST. CHARLES SENATE SEAT: Gov. Blunt has marked Sept. 4 as the date for a special election to fill a vacancy in the Missouri Senate. Republican Sen. Chuck Gross recently resigned his seat representing the 23rd district, which covers a large portion of St. Charles County. Gross left the Senate to become director of administration for St. Charles County. Republican Tom Dempsey (St. Charles), House Floor Leader, is interested in filling the vacancy. There has been no indication at this time that the Democrats may want to run for this seat.

In other news, Rep. Carl Bearden (St. Charles) is stepping down as Representative. He will be giving up his post as Speaker Pro Tem in the House.

With this announcement and the recent announcement that House Majority Floor Leader, Rep. Tom Dempsey (St. Charles), is seeking the vacant Senate seat given up by Sen. Chuck Gross (R-St. Charles), the Republicans in the House could soon elect two of its three top leadership positions.

DEMOCRATIC LEADERSHIP CHANGE: On July 2, House Minority Leader Jeff Harris (D-Columbia) resigned his House leadership position. Rep. Harris wants to focus his attention on being the state's next Attorney General that will be decided during the Nov. 2008 election.

On July 21, the House Democrats have scheduled a special meeting to vote for a new leader. Representatives interested in filling the position include Paul LeVota (Jackson County) and JC Kuessner (Eminence).

ST. LOUIS LEGISLATOR RESIGNS HIS POSITION: Rep. Fred Kratky (D-St. Louis) has resigned his seat as representative. Kratky, who was originally elected in 2002, has taken a position as executive vice president of the St. Louis Association of Realtors. Gov. Blunt has not set a date for an election to fill the position.