

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 527** HLS 17RS 848

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.: **REVISED**

Date: May 1, 2017 8:22 AM	Author: HAVARD
Dept./Agy.: Transportation and Development	Analyst: Alan M. Boxberger
Subject: Requirements for Transportation Network Companies	

TRANSPORTATION OR INCREASE SG EX See Note Page 1 of 2
Establishes safety, reliability, and access requirements for Transportation Network Companies

Proposed law provides for requirements of Transportation Network Companies (TNC) in Louisiana; provides for definitions; provides for permitting; requires disclosure and reporting requirements; provides for general operating requirements; provides with respect to TNC drivers and requirements and restrictions thereof; provides for TNC policy requirements; provides for a local assessment fee; provides for distribution of proceeds collected from the local assessment fee; provides for records privacy; provides for DOTD oversight powers and responsibilities; prohibits local governmental subdivisions, special districts, airport authorities, port authorities or other local governmental entities or political subdivisions from imposing a tax on or requiring licensure related to operations and employees of TNCs; clarifies that proposed law does not prevent airports from charging reasonable pick-up fees consistent with fees charged to taxicab companies at an airport, for use of airport facilities and pick-up locations, etc.; and provides for an effective date of July 1, 2017.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

Proposed law would result in an indeterminable, but significant, increase in SGR expenditures for DOTD associated with regulatory functions as well as operational costs associated with fee collection and distribution of allocated fee revenues to local governmental entities. Proposed law establishes requirements for Transportation Network Companies (TNC) operating in the state of Louisiana.

DOTD reports that it is unable to determine the scope or volume of TNCs requiring permits and the level of regulation activities that would accompany those operations. DOTD estimates that it will require between eight and thirteen (8-13) T.O. positions to accomplish the provisions of proposed law (5-10 positions for permitting and regulatory functions and 3 positions in financial services to administer collection of the local assessments and provide for distributions to the appropriate local governmental entity). DOTD estimates the increase in personal services expenditures at between \$505,000 and \$822,000 annually, plus associated operating and supplies expenditures and one-time acquisitions of office furniture and equipment and possible IT programming. The LFO is unable to corroborate the need for the staff requirements estimated by DOTD. There does not appear to be a central repository of information regarding the breadth of TNC activity within the state. Staff needs could be less than or greater than DOTD's initial estimates based on the level of realized permitting

Expenditure Explanation Continued on Page 2

REVENUE EXPLANATION

Proposed law will result in an indeterminable, but significant, increase in SGR revenues for DOTD derived from a 1% local assessment fee. DOTD will retain 5% of total local assessment fees to cover expenses borne by the department by regulation of TNCs and collection and distribution of the local assessment fees. Based on reports provided by TNCs regarding the origination of each ride against which the 1% local assessment fee is collected, DOTD will be responsible for distributing the remaining 95% of the local assessment fee to local governmental entities tied to the point of each individual ride origination.

Proposed law will result in an indeterminable impact on local funds revenues. In some cases, existing permitting and regulation of TNCs by local municipal ordinance likely generate revenues in excess of that possible under proposed law. Under existing municipal ordinances, TNCs are required to acquire permits at costs of between \$250 and \$15,000 and in some cases remit trip taxes or fees in amounts of \$0.50 to \$1.00 per trip. Supplanting existing permitting activities and assessment fees will likely have a significant negative impact on certain large municipalities while creating a new, indeterminable source of LF revenue collections in some areas of the state where TNCs are currently not regulated by municipal ordinance.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux
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Staff Director

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Expenditure Explanation Continued from Page 1

activity and the volume of fees collections to be administered. To the extent that DOTD's 5% administrative allocation of the local assessment fee is insufficient to cover its implementation and ongoing operating costs, DOTD would require additional budget resources (assumed to be SGF as this activity would likely not be an allowable usage of the Transportation Trust Fund).

Proposed law will result in an indeterminable increase in SGR expenditures as DOTD will be required to transfer 95% of local assessment fee collections to the local governmental subdivision where the 1% local assessment collected from each trip originated.

Proposed law preempts existing local ordinances with regard to the regulation of TNCs as well as certain existing taxes, permits and fees established by local governmental authorities statewide. Proposed law would result in an indeterminable impact on local governmental operations and expenditures.

Senate Dual Referral Rules

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

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