

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 853** HLS 18RS 2052

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 27, 2018	12:30 PM	<b>Author:</b> DAVIS, ETAL.
<b>Dept./Agy.:</b> Statewide		<b>Analyst:</b> Alan M. Boxberger
<b>Subject:</b> Dedicates certain sales and use tax revenues to the TTF		

FUNDS/FUNDING OR DECREASE GF RV See Note Page 1 of 1  
Dedicates certain state sales and use tax revenues for deposit into the Construction Subfund of the Transportation Trust Fund under certain circumstances

Present law imposes state sales and use taxes upon the retail sale, use, consumption, or storage, or lease or rental of, tangible personal property, and certain services. Present constitution establishes the Construction Subfund of the Transportation Trust Fund (TTF) for the funding of direct construction costs for transportation and infrastructure projects.

Proposed law establishes an annual dedication of state sales and use tax revenues in excess of \$4 billion for deposit into the Construction Subfund of the TTF once the Louisiana Comprehensive Annual Financial Report (CAFR) is published and reports that state sales and use tax revenues in excess of \$4 billion for two consecutive years; requires that within 30 days after publication of the CAFR, the commissioner of administration shall give written notification to specified parties that the threshold for the dedication has been met; requires that beginning on the first day of July following such notification and in each fiscal year thereafter, after meeting certain existing requirements, the state treasurer shall deposit sales and use tax revenues in excess of \$4 billion into the Construction Subfund of the TTF.

<b>EXPENDITURES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

  

<b>REVENUES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure in the five-year window reported in this fiscal note. To the extent that state sales and use tax revenues should exceed \$4 billion in the Louisiana Comprehensive Annual Financial Report (CAFR) for two consecutive fiscal years, deposits into the Construction Subfund of the Transportation Trust Fund (TTF) will be available for appropriation by the legislature beginning in the subsequent fiscal year after publication of the second consecutive CAFR provides the trigger mechanism.

For informational purposes, La Const. Art. 7§27(B)(2) provides that the subfund shall be appropriated and dedicated solely for the direct costs associated with actual project delivery, construction, and maintenance of transportation and capital transit infrastructure projects of the state and local government. The monies in the Subfund that are appropriated by the legislature to the Department of Transportation and Development, or its successor, shall not be utilized by the department for the payment of employee wages and related benefits or employee retirement benefits.

Even if revenues are diverted to the TTF subfund and expended from that fund, those revenues would have been otherwise expended from the general fund. The composition of state expenditures would change (more on transportation and less on other services/activities) , but the aggregate amount of expenditures do not necessarily change.

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure in the five-year window reported in this fiscal note, although the bill does contemplate a reduction in general fund resources and an increase in dedicated resources.

Proposed law will result in a dollar for dollar decrease in SGF deposits and an increase in statutorily dedicated deposits into the Construction Subfund of the TTF in the fiscal year following the second consecutive recognition in the Louisiana Comprehensive Annual Financial Report (CAFR) of state sales and use tax revenues in excess of \$4 billion for the preceding year.

For informational purposes, the CAFR recognized total sales and use tax collections of \$4,335.8 M in FY 17 but only \$3,294.2 M in FY 16. Current REC projections estimate sales and use tax collections by fiscal year as follows: FY 18 - \$4,435.6 M, FY 19 - \$3,527.6 M, FY 20 - \$3,599.4 M, FY 21 - \$3,551.0 M, and FY 22 - \$3,621.8 M. Under the current REC estimates, the trigger mechanism to divert deposits into the Construction Subfund of the TTF is not met assuming that proposed law is prospective and does not apply to the CAFR report that will be published in the fall of 2018 reporting sales and use tax collections for FY 18. If proposed law does apply to the 2018 CAFR, the trigger mechanism will have been met but revenues are not projected to exceed \$4 B in the timeframe of this fiscal note.

NOTE: If the legislature were to meet in a 2nd Extraordinary Session upon completion of the 2018 Regular Session to pass legislation increasing SGF revenues for FY 19 and beyond, some portion of that amount may be diverted into the Construction Subfund of the TTF if total sales and use tax revenues resultantly exceed \$4 B. If proposed law applies prospectively and requires two future CAFR reports in excess of \$4 B, the impact could begin in FY 21. If proposed law applies beginning with the 2018 CAFR, the impact could begin in FY 20.

Senate  
 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}

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