

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 21** SLS 19RS 39
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 3, 2019 4:50 PM	Author: PEACOCK
Dept./Agy.: REVENUE	Analyst: Benjamin Vincent
Subject: Dedicate portion of 0.45% levy to Transportation Trust Fund	

TAX/SALES OR -\$392,000,000 GF RV See Note Page 1 of 1
 Phases in the dedication of the temporary sales tax levy to the Transportation Trust Fund. (8/1/19)

Present law imposes a state-level sales and use tax totaling 4.0% via levies in R.S. 47:302, 47:321, 47:331, and 51:1286.

Present law additionally imposes a temporary state sales and use tax levy of 0.45% via R.S. 47:321.1 through June 30, 2025, at which time this levy will expire and the total state-level sales and use tax rate will be a maximum of 4.0%.

Proposed law dedicates an increasing portion of the avails of the temporary levy in R.S. 47:321.1 to the Transportation Trust Fund, beginning in FY21 at 5/45ths of the 0.45% levy, and increasing the dedication gradually to the entire 0.45% levy in FY25. Proposed law provides that the monies dedicated shall be appropriated solely for direct costs associated with actual project delivery, construction, and maintenance of roads and bridges.

EXPENDITURES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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>	\$0
Annual Total						
REVENUES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	(\$43,600,000)	(\$130,700,000)	(\$217,800,000)	(\$304,900,000)	(\$697,000,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$43,600,000	\$130,700,000	\$217,800,000	\$304,900,000	\$697,000,000
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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

LDR reports that the proposal will incur programming, testing, and system development costs to reprogram revenue accounting, amounting to approximately \$25,680 in IT staff-time costs.

REVENUE EXPLANATION

Proposed law provides that an increasing portion of the 0.45% levy in R.S. 47:321.1 will be dedicated to the Transportation Trust Fund (TTF) beginning in FY21. At the time of this analysis, the most current and comprehensive data available for estimating the revenue strictly attributed to this levy is the data used in the generation of the fiscal note for Act 1 of the 2018 Third Extraordinary Session, which levied the 0.45% rate being affected by this bill.

The estimated revenue impact of the levy when fully phased in is a transfer of approximately \$392 million away from the general fund and into the TTF. Of this amount, \$348 million is general sales tax, and \$44 million is motor vehicle sales tax.

The portion of the levy that is dedicated begins at 11.11% in FY21 and increases to 33.33% in FY22, 55.55% in FY23, 77.77% in FY24, and 100% in FY25. Under current law, the levy expires at the end of FY25, and the associated TTF dedication will terminate at that time.

The resulting amounts that will be diverted to the TTF from the general fund for fiscal years 2021 through 2025 are reflected in the table above, with the final diversion of \$392 million occurring in FY25. There would be no impact in any following year.

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}

Gregory V. Albrecht
 Chief Economist