

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 313** HLS 19RS 126
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 26, 2019 8:40 AM **Author:** WRIGHT
Dept./Agy.: DOTD **Analyst:** Alan M. Boxberger
Subject: Limits use of TTF to pay for certain DOTD expenses

FUNDS/FUNDING OR +\$32,500,000 GF EX See Note Page 1 of 1

Limits monies deposited into the Transportation Trust Fund from being used to pay for certain Dept. of Transportation and Development expenses

Proposed law provides limitations to the use of the Transportation Trust Fund-Regular by DOTD to pay for expenses related to retired and current employees as follows:

- 1) For FY 20 and beyond, DOTD shall not use TTF-Regular to pay for the benefits of retired employees.
- 2) For FY 21 and beyond, DOTD shall not use TTF-Regular to pay for the benefits of current employees.
- 3) For FY 22 and beyond, DOTD shall not use TTF-Regular to pay for more than 50% of the annual salary costs for current employees.
- 4) For FY 23 and beyond, DOTD shall not use TTF-Regular to pay for the annual salary costs for current employees.

Provides for an effective date of July 1, 2019.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$32,500,000	\$180,800,000	\$303,100,000	\$432,600,000	\$446,200,000	\$1,395,200,000
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$32,500,000	\$180,800,000	\$303,100,000	\$432,600,000	\$446,200,000	\$1,395,200,000

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will result in an increase in SGF expenditures beginning in FY 20 and increasing annually through FY 23 related to a phased prohibition of utilizing statutory dedications out of the Transportation Trust Fund-Regular (TTF-Regular) to pay for certain department operating expenses. Should **proposed law** be enacted, DOTD will require a recurring funding source to offset the inability to utilize funds for existing expenses. For purposes of this fiscal note, those expenditures are assumed to be SGF and departmental operations are assumed to remain at current staffing levels.

The expenditure impact will be comprised of the following considerations:

	FY 20	FY 21	FY 22	FY 23	FY 24 (See note)
Post Retirement Benefits	\$32.5 M	\$32.5 M	\$32.5 M	\$32.5 M	\$32.5 M
Related Benefits (current employees)		\$148.3 M	\$154.2 M	\$160.4M	\$166.8 M
50% of Annual Salaries (current employees)			\$116.4 M		
100% of Annual Salaries (current employees)				\$239.7 M	\$246.9 M
Total Impact	\$32.5 M	\$180.8 M	\$303.1 M	\$432.6 M	\$446.2 M

DOTD reported data for FY 20 through FY 23 as follows:

Post retirement benefits are based on FY 18 figures and not adjusted annually. These figures may increase or decrease as a result of the number of DOTD employees receiving post retirement benefits.

Related benefits expenditures are based on FY 18 actuals and a 4% annual increase is applied.

DOTD reported salaries based on FY 18 actual expenditures but did not reflect annual civil service market rate adjustments. *The LFO has adjusted figures in the table above to assume a 3% growth due to the civil service market rate adjustment between FY 18 and FY 23 in an effort to reflect the maximum potential expenditure exposure.*

NOTE: For FY 24, the LFO assumed a 4% growth in Related Benefits expenditures to reflect the average growth assumed by DOTD in FY 22 and FY 23, and a 3% growth in annual salaries to reflect a civil service market rate adjustment.

The LFO assumes the restriction of TTF-Regular for ongoing personal services costs would facilitate an equal increase of non-personal services and capital outlay expenditures out of the TTF-Regular.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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}

Evan Brasseaux
Evan Brasseaux
Staff Director