

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 511** HLS 21RS 858

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 20, 2021	8:52 AM	Author: MCFARLAND
Dept./Agy.: Transportation and Development		
Subject: Provides for budgetary operations and funding for DOTD		Analyst: Alan M. Boxberger

BUDGETARY CONTROLS OR SEE FISC NOTE GF EX Page 1 of 2
Provides relative to budgetary operations and funding for the Department of Transportation and Development

Present law requires the treasurer to deposit the avails of taxes from the sale, use, lease, rental, distribution, consumption and storage for use or consumption of motor vehicles into the TTF on certain triggering conditions in an amount equal to an increase in SGF as certified by the Revenue Estimating Conference as being attributable to certain mineral revenues. Proposed law establishes the Commission on Government Reform in Transportation to assess DOTD's operations, personnel costs and capital expenditures; requires the legislative auditor to commence a comprehensive audit of DOTD to include operations, efficiency, and use of the Construction Subfund of the TTF-Regular; removes requirement of specified deposits into the TTF and requires the legislature to appropriate these avails to DOTD for operational costs; requires DOTD to utilize all other means of finance to the extent possible prior to utilizing the funds authorized herein; repeals deposit of certain mineral revenues into the TTF; and requires DOTD to develop an online platform to provide public access to Highway Priority Program information, specifies online content and requires raising public awareness.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	\$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	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	(\$473,700,000)	(\$479,700,000)	(\$486,700,000)	(\$492,700,000)	(\$499,200,000)	(\$2,432,000,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$473,700,000	\$479,700,000	\$486,700,000	\$492,700,000	\$499,200,000	\$2,432,000,000
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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will reallocate the appropriation of SGF totaling \$473.7 M derived from the state sales tax on the sale, use, lease or rental of motor vehicles to the Department of Transportation and Development to provide for the general operating costs of the department beginning in FY 22. Proposed law requires DOTD to maximize the use of all other means of finance to the extent possible prior to utilizing the funding available pursuant to this measure. The LFO assumes the intent of proposed law is to supplant in full or in part the use of Statutory Dedications out of the Transportation Trust Fund - Regular (TTF-Regular) and Transportation Trust Fund - Federal (TTF-Federal) for the general operating costs of the department. HB 1 Original currently contains a recommended appropriation for DOTD containing \$414.3 M out of the TTF-Regular and \$157.8 M out of the TTF-Federal (Federal Highway Trust - generally matched by TTF-Regular). While proposed law does not create a direct, material change in specific expenditures within DOTD, monies derived from the state sales tax on motor vehicles are currently appropriated out of the SGF to other general purposes statewide.

Proposed law provides that no later than July 1, 2022, the LA Legislative Auditor (LLA) shall commence a comprehensive audit of DOTD to include enumerated items such as operations, organizational efficiency, and use of the avails of the taxes
SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

Proposed law does not create a direct material effect on governmental revenues, **but does require** an appropriation of SGF in an amount equal to the state sales tax on the sale, use, lease or rental of motor vehicles to the Department of Transportation and Development to provide for the general operating costs of the department beginning in FY 22. **For illustrative purposes, the LFO reports the reallocation of the SGF dollars as a negative to the SGF and an increase to Ded./Other in order to illustrate that these revenues will be allocated to a specific purpose within DOTD rather than being available to the legislature to provide for other general, nonspecific expenditures of the state as in present law.**

NOTE: The amounts reported in the revenue block above for FYs 22 through 25 depict the 1/19/21 forecast by the Revenue Estimating Conference for motor vehicle sales tax collections. The LFO assumes a 1.013% revenue growth for FY 26 as reported in the revenue block, which is the average of the annual growth rates forecast between FYs 22 and 25.

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}

Christopher A. Keaton
Legislative Fiscal Officer

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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

deposited into the Construction Subfund of the TTF-Regular. The audit findings shall be submitted to the speaker of the House of Representatives and the President of the Senate no later than September 30, 2023. The LLA estimates expenditures of approximately \$11,000 SGR over the course and scope of the project in FYs 21 through 23 to perform the required audit of the Construction Subfund and report on its findings (depicted in this fiscal note as SEE BELOW in SGR expenditures). LLA will bill DOTD the amount incurred to perform the audit, which will result in a corresponding expenditure increase by DOTD from available sources (depicted in this fiscal note as an INCREASE in Ded./Other expenditures).

Proposed law creates the Commission on Government Reform in Transportation for the purposes of assessing the operations, personnel services costs, and capital project expenditures of DOTD. The Commission is to be comprised of 13 appointed or enumerated members (or the enumerated members' designees). The LFO assumes Commission members will serve without compensation but will be eligible for reimbursement of travel costs in accordance with state travel regulations. Proposed law directs DOTD to provide staff support as necessary to the Commission. If deemed necessary, DOTD shall also finance and procure any third-party services sought by the Commission in carrying out its purpose. DOTD anticipates that the workload to provide staff support to the Commission is likely to be nominal and can be absorbed within existing resources. In the event of a procurement of third-party services, DOTD would realize a corresponding increase in expenditures but this provision is speculative and indeterminable at this time.

Senate

Dual Referral Rules

House

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

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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