

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 375** SLS 22RS 480

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 21, 2022	1:10 PM	Author: PEACOCK
Dept./Agy.: Treasury/Revenue		Analyst: Emily DiPalma
Subject: Phases in a dedication of all 0.45% sales tax remittances		

FUNDS/FUNDING OR -\$226,500,000 SG RV See Note Page 1 of 1
Phases in the dedication of the temporary state sales tax levy to the Construction Subfund of the Transportation Trust Fund. (8/1/22)

Current law imposes a 0.45% state sales tax on general and vehicle sales that will expire on June 30, 2025. A portion of the vehicle sales tax from this imposition is dedicated to the Transportation Trust Fund - Construction Subfund (TTF-CSF) beginning in FY24 at 30% and 60% thereafter with an associated project list and revenue decline trigger.

Proposed law retains current law and phases in a dedication of the 0.45% state sales tax from general and vehicle sales to the Transportation Trust Fund - Construction Subfund as the latest expression. The bill's phase-in dedication schedule to the TTF-CSF is 53% in FY23, 78% in FY24 and 100% in FY25 with the requirement that a minimum of 50% of the deposited funds be distributed equally for projects in each of the nine highway districts.

Effective July 1,2022

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.		\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total				\$0	\$0	\$0

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	(\$226,500,000)	(\$337,400,000)	(\$438,000,000)	\$0	\$0	(\$1,001,900,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$226,500,000	\$337,400,000	\$438,000,000	\$0	\$0	\$1,001,900,000
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

Of the funds deposited to the TTF-CSF due to this bill, 50% or roughly \$215M must be spent equally among the 9 highway districts. A portion of the vehicle sales tax from the temporary tax is currently dedicated in R.S. 48:77 in the estimated amounts of \$16.3M (30%) in FY24 and \$32.9M (60%) in FY25. This bill will require that 50% of the current dedication or \$8.2M in FY24 and \$16.5M be split evenly among the 9 highway districts, which may run counter to the project list specified in statute. However, the bill also dedicates a much greater amount of general sales tax proceeds from the temporary tax, 50% or roughly \$215M of which can be directed to any project.

Proposed law creates a marginal workload increase for the Departments of Treasury and Revenue, which can generally be absorbed within existing agency resources. However, to the extent that other legislative instruments are created with similar requirements, there may be additional expenses associated with the aggregate effort to administer these funds.

REVENUE EXPLANATION

The estimated tax collected from the 0.45% sales tax for general and vehicle sales is \$426.9M in FY23, \$432.1M in FY24, \$437.3M in FY25, per the FY22 Tax Exemption Budget and 1/11/22 REC forecast. After applying the phase-in dedication percentages specified in the bill, the state general fund will decline as the TTF-CSF increases by \$226.5M in FY23, \$337.4M in FY24 and \$438M in FY25. If sales tax projections change materially with the REC forecast, the impact of this bill will also change.

Isolating to vehicle sales tax which is embedded in the figures above, the dedication in this bill effectively accelerates the current dedication of vehicle sales tax to the TTF-CSF by dedicating 53% in FY 23 (compared to 0 in current law), 78% in FY 24 (compared to 30% in current law) and 100% in FY 25 (compared to 60% in current law). The acceleration results in an additional \$22-\$28M in annual vehicle sales tax deposits into the TTF-CSF. Expenditure limitations in the bill are addressed in the expenditure explanation. It is assumed that this bill, if enacted, will be the latest expression of the legislature and supersede the amount of the existing dedication. If instead the competing dedications are interpreted as cumulative, then 100% of the vehicle sales tax from the temporary sales tax would flow to the TTF-CSF in FY24 or an additional \$25M.

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}

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