



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: HB 578 HLS 16RS 74
Bill Text Version: ORIGINAL
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: March 24, 2016 4:22 PM Author: JAMES
Dept./Agy.: Local/Government Analyst: Whit Kling
Subject: Imposition of tax on motor fuels

OR INCREASE LF RV See Note

LOCAL GOVERNMENT

(Constitutional Amendment) Authorizes the imposition of tax on motor fuels by local governmental authority.

PURPOSE OF THE BILL: (CONSTITUTIONAL AMENDMENT) Authorizes local parish governing authority to impose a tax on motor fuels.

Bill proposes to add Article VI Section 29.1(A) which would allow a local parish governing authority to levy and collect a tax upon the retail sale of motor fuels, if approved by a majority of the electors voting thereon, and Section 29.1(B) to require that such collections be used only for road construction and maintenance and to further require that they not be deposited in the Transportation Trust Fund. The bill further amends Article VII Section 27(A) to require that such avails are not considered "excess revenues" and shall not be deposited to the Transportation Trust Fund. In addition, the bill would amend Article VI Section 29(A) to require that the imposition of the motor vehicle sales tax and all other sales tax authorized by the local governmental subdivisions shall not exceed 3 per cent.

Table with 7 columns: EXPENDITURES, 2016-17, 2017-18, 2018-19, 2019-20, 2020-21, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

Table with 7 columns: REVENUES, 2016-17, 2017-18, 2018-19, 2019-20, 2020-21, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

The bill could increase local expenditures however the amount of the increase is indeterminable.

The bill provides that such tax collections shall be used by the parish governing authority exclusively for construction and maintenance of the roads and bridges within the parish. However, as the amount of revenue to be generated is indeterminable at this time (see below), the exact amount of expenditure increases is also indeterminable at this time.

REVENUE EXPLANATION

The bill could increase local revenues by varying levels dependent on the volume of gallons sold, the sales price of each gallon sold, and the rate of sales tax assessment imposed (see below).

The bill would allow a local parish governing authority the ability, subject to voter approval, the right to levy and collect a sales tax on the retail sales of motor fuels. Currently, motor fuel taxes are assessed and collected only at the state level and all state motor fuel taxes are based on volume, not sale value. Therefore, there is no historical information regarding value based collections. In addition, the bill does not stipulate a set per gallon sales valuation or set sales tax rate assessment. Consequently, the true fiscal impact is indeterminate at this time.

However, for illustrative purposes, we present the following: Using an average of the last 5 years of net gallons taxed (2,976,084,130 gallons) times an assumed \$2.00 per gallon retail sale value, each 1% sales tax rate assessment would generate approximately \$59,521,683 annually in local governmental revenue. A higher level of volume, or per gallon sales value, or % of sales tax rate assessment (or combination thereof) would increase those annual collections above that level.

Senate Dual Referral Rules House

- 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}
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}

Signature of Michael G. Battle
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