

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 527** HLS 17RS 848

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b>	<b>Author:</b> HAVARD
<b>Dept./Agy.:</b> Agriculture and Forestry	<b>Analyst:</b> Alan M. Boxberger
<b>Subject:</b> Requirements for Transportation Network Companies	

TRANSPORTATION

EG INCREASE SG EX See Note

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Establishes safety, reliability, and access requirements for Transportation Network Companies

Proposed law provides for requirements of Transportation Network Companies (TNC) in Louisiana; provides for definitions; provides for permitting; requires disclosure and reporting requirements; provides for general operating requirements; provides with respect to TNC drivers and requirements and restrictions thereof; provides for TNC policy requirements; provides for a local assessment fee; provides for distribution of proceeds collected from the local assessment fee; provides for records privacy; provides for La Department of Agriculture and Forestry (LDAF) oversight powers and responsibilities; prohibits local governmental subdivisions, special districts, airport authorities, port authorities or other local governmental entities or political subdivisions from imposing a tax on or requiring licensure related to operations and employees of TNCs; clarifies that proposed law does not prevent airports from charging reasonable pick-up fees for use of airport facilities and pick-up locations, etc.; and provides for an effective date of July 1, 2017.

<b>EXPENDITURES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Proposed law would result in an indeterminable, but potentially significant, increase in SGR expenditures for the La Department of Agriculture and Forestry (LDAF) associated with regulatory functions as well as operational costs associated with fee collection and distribution of allocated fee revenues to local governmental entities. Proposed law establishes requirements for Transportation Network Companies (TNC) operating in the state of Louisiana.

LDAF reports that it is unable to determine the scope or volume of TNCs requiring permits and the level of regulation activities that would accompany those operations. LDAF estimates that it will require between one and five T.O. or partial FTE to accomplish the provisions of proposed law for permitting and regulatory functions, financial services to administer collection of the local assessments and provide for distributions to the appropriate local governmental entity. LDAF estimates the increase in personal services expenditures can be absorbed within additional budgetary resources available by retainage of 5% of the local assessment fee. The LFO is unable to corroborate the need for the staff requirements estimated by LDAF. There does not appear to be a central repository of information regarding the breadth of TNC activity within the state. Staff needs could be less than or greater than LDAF's initial estimates based on the level of realized permitting and regulatory activity as well as the volume of fee collections to be administered. To the extent that LDAF's 5% administrative allocation of

**Expenditure Explanation Continued on Page 2**

**REVENUE EXPLANATION**

Proposed law will result in an indeterminable, but significant, increase in SGR revenues for LDAF derived from a 1% local assessment fee. LDAF will retain 5% of total local assessment fee collections to cover expenses borne by the department for regulation of TNCs and collection and distribution of the local assessment fees. Based on reports provided by TNCs regarding the origination of each ride against which the 1% local assessment fee is collected, LDAF will be responsible for distributing the remaining 95% of the local assessment fee to local governmental entities tied to the point of each individual ride origination.

Proposed law will result in an indeterminable impact on local funds revenues. In some cases, existing permitting and regulation of TNCs by local municipal ordinance likely generate revenues in excess of that possible under proposed law. Under existing municipal ordinances, TNCs are required to acquire permits at costs of between \$250 and \$15,000 and in some cases remit trip taxes or fees in amounts of \$0.50 to \$1.00 per trip. Supplanting existing permitting activities and assessment fees will likely have a significant negative impact on certain large municipalities while creating a new, indeterminable source of LF revenue collections in some areas of the state where TNCs are currently not regulated by municipal ordinance.

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}

*Evan Brasseaux*  


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**Evan Brasseaux**  
**Staff Director**

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**CONTINUED EXPLANATION from page one:**

**Expenditure Explanation Continued from Page 1**

the local assessment fee is insufficient to cover its implementation and ongoing operating costs, LDAF would require additional budget resources (assumed to be SGF).

Proposed law will result in an indeterminable increase in SGR expenditures as LDAF will be required to transfer 95% of local assessment fee collections to the local governmental subdivision where the 1% local assessment collected from each trip originated.

Proposed law preempts existing local ordinances with regard to the regulation of TNCs as well as certain existing taxes, permits and fees established by local governmental authorities statewide. Proposed law would result in an indeterminable impact on local governmental operations and expenditures.

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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