

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 669** HLS 17RS 1226

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 13, 2017	8:18 AM	Author: ZERINGUE
Dept./Agy.: Transportation and Development		Analyst: Alan M. Boxberger
Subject: Establishes fee to fund dredging and deepening of waterways		

PORTS/HARBORS/TERMINALS OR INCREASE SD RV See Note
Establishes a fee to fund dredging and deepening of waterways

Proposed law provides for definitions; establishes a fee of \$0.08 per gallon on dyed diesel fuel used by commercial marine vessels; requires the fee be deposited into the Dredging and Deepening Fund; specifies that the revenue generated by the fee must be used in a specified manner; requires the Department of Revenue to promulgate rules and regulations regarding the imposition, collection, payment and remittance of the fee; makes effectiveness contingent upon enactment of SB 148 of the 2017 Regular Session; and sunsets proposed law on July 1, 2019.

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

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	\$0	\$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>	\$0
Annual Total			\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will create an increase in SGF expenditures by the Department of Revenue in FYs 18 and 19, and provide a funding mechanism to deposit monies into the statutorily created Dredging and Deepening Fund to be expended by DOTD in HB 2, the Capital Outlay Bill, for activities related to implementation of the Waterway Dredging and Deepening Program (see SB 148 of the 2017 Regular Session). Deposits into the fund will allow for an indeterminable increase in expenditures in the statutorily created Dredging and Deepening Fund.

Proposed law creates a fee mechanism whereby an \$0.08 per gallon fee on dyed diesel fuel used by commercial marine vessels shall be deposited into the Dredging and Deepening Fund contingent upon passage of SB 148 of the 2017 Regular Session. Proposed law provides that monies deposited into the Fund may only be used in the manner provided for in R.S. 34:3471, et al, as indicated in SB 148.

The Department of Revenue estimates implementation of proposed law will result in expenditures of \$100,000 each in FYs 18 and 19 to provide for programming, testing and system development costs related to the revision of fee collection mechanisms. This type of modification is a normal requirement of legislation after every legislative session and the LFO assumes such costs can be covered with existing resources and staff. Potentially significant additional SGF resources may be required by the department dependent upon the cumulative amount of changes enacted in the session.

REVENUE EXPLANATION

Proposed law seeks to enact a fee to fund the dredging and deepening of waterways and will provide for an indeterminable increase in revenues to be deposited into the statutorily created Dredging and Deepening Fund. Proposed law requires a fee of \$0.08 per gallon on dyed diesel fuel used by commercial marine vessels and that such revenues be deposited into the Dredging and Deepening Fund proposed in SB 148. Proposed law defines commercial marine vessels to mean any ship, tanker, tug, towboat, barge or similar vessel for which dredging and deepening of waterways would benefit its transportation or movement. The \$0.08 fee would be imposed on all dyed diesel fuels when sold, used or consumed in the state of Louisiana for the operation of a commercial marine vessel. Commercial marine vessels currently are able to refuel at ports or through fueling vessels that deliver to ships on rivers and inland waterways. The Department of Revenue reports that the fees would be remitted either by the motor fuel supplier or distributor and the proposed fee will sunset on July 1, 2019, under the provisions of proposed law.

LDR is unable to estimate the amount of revenues that may be generated from the \$0.08 fee established by proposed law because there is no aggregated data regarding the volume of dyed diesel fuel used in commercial marine vessels in the state. For illustrative purposes, for each one million gallons of dyed diesel fuel that were to be consumed by commercial marine vessels, the state would realize an increase of \$80,000 in revenues to be deposited into the Dredging and Deepening Fund.

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}

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