

2017 Regular Session

HOUSE BILL NO. 632

BY REPRESENTATIVE STEVE CARTER

TAX/GASOLINE TAX: Creates an additional tax on motor fuels and requires the tax on gasoline, diesel fuels, and special fuels to be adjusted annually in accordance with the Consumer Price Index

1 AN ACT

2 To enact R.S. 47:818.12.1 and 818.12.2, relative to motor fuel taxes; to levy an additional
3 tax on gasoline, diesel fuels, and special fuels; to require the annual adjustment of
4 such tax in accordance with the Consumer Price Index; to provide for effectiveness
5 of the index; to place restrictions on revenue generated; to authorize use of new
6 revenue generated; to require the Department of Transportation and Development to
7 submit a report of project progress; to provide for effectiveness; and to provide for
8 related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:818.12.1 and 818.12.2 are hereby enacted to read as follows:

11 §818.12.1. Taxes levied; rates; use of proceeds

12 A. In addition to the taxes levied in R.S. 47:818.12 and 820.1, there shall be
13 levied a tax of seventeen cents per net gallon on all gasoline, as defined in this Part,
14 sold, used, or consumed in the state of Louisiana for domestic consumption. The
15 proceeds of the taxes levied pursuant to the provisions of this Subsection shall be
16 used in accordance with the provisions of Subsection D of this Section.

17 B. In addition to the taxes levied in R.S. 47:818.12 and 820.1, there shall be
18 levied a tax of seventeen cents per net gallon on all diesel fuel, as defined in this
19 Part, sold, used, or consumed in the state of Louisiana for the operation of motor

1 vehicles, licensed or required to be licensed for highway use. The proceeds of the
2 taxes levied pursuant to the provisions of this Subsection shall be used in accordance
3 with the provisions of Subsection D of this Section.

4 C. In addition to the taxes levied in R.S. 47:818.111 and 820.1, there shall
5 be levied a tax of seventeen cents per gallon or gallon equivalent on all special fuels
6 including compressed natural gas as defined by R.S. 47:818.2(18), liquefied natural
7 gas as defined by R.S. 47:818.2(43), and liquefied petroleum gas as defined by R.S.
8 47:818.2(44) sold, used, or consumed in the state of Louisiana for the operation of
9 motor vehicles licensed or required to be licensed for highway use.

10 D. The proceeds of the tax levied in accordance with the provisions of this
11 Section shall be utilized by the Department of Transportation and Development as
12 follows:

13 (1) Fifty percent of the proceeds shall be dedicated to highway priority
14 program projects classified as capacity projects in accordance with the department's
15 definitions of such projects and shall be expended as follows:

16 (a) Not less than eighty-five percent shall be used for the construction of
17 Priority A and B mega-projects designated in the 2015 Louisiana Statewide
18 Transportation Plan, of which up to thirty-five percent may be pledged as security
19 for bonds issued for this purpose.

20 (b) Not more than fifteen percent shall be used for capacity projects not
21 provided for in Subparagraph (a) of this Paragraph.

22 (2) Twenty-seven percent of the proceeds shall be dedicated to preservation
23 projects in accordance with the department's definitions of such projects and shall
24 be expended as follows:

25 (a) Fifty-five percent shall be used for bridge preservation projects and
26 interstate pavement preservation projects.

27 (b) Forty-five percent shall be used for non-interstate pavement preservation
28 projects as follows:

1 (i) The proceeds allocated pursuant to this Paragraph shall be divided
2 between each legislative district at a rate of five hundred dollars per lane mile and
3 shall be dedicated to projects within the Highway Priority Program at the direction
4 of the member of the Louisiana Legislature for that district.

5 (ii) A member of the Louisiana Legislature shall have the authority to direct
6 the member's respective allocation on an annual basis or reserve revenues for future
7 project allocation within the member's current legislative term.

8 (iii) If the need for non-interstate pavement preservation projects within the
9 Highway Priority Program for a member's legislative district have been satisfied, the
10 member may instead direct allocations to meet existing needs in the member's
11 district in the following order of priority:

12 (aa) On-system bridge preservation, operations, or safety projects.

13 (bb) Off-system bridge preservation or safety projects that include railroad
14 crossings and safe routes to public places.

15 (cc) On- or off-system projects for compliance with the Americans with
16 Disabilities Act.

17 (dd) Capital transit support.

18 (ee) Transportation alternatives program.

19 (3) Eight percent of the proceeds shall be dedicated to routine highway
20 maintenance in accordance with the department's definitions of such projects.

21 (4) Three percent of the proceeds shall be dedicated to highway safety in
22 accordance with the department's definitions of such projects.

23 (5) Six percent of the proceeds shall be dedicated to multimodal projects in
24 accordance with the department's definitions of such projects.

25 (6) Six percent of the proceeds shall be dedicated to local government
26 assistance projects in accordance with the department's definitions of such projects.

27 E. The avails of the taxes levied pursuant to the provisions of this Section
28 appropriated by the legislature shall not be used by any recipient of the appropriation

1 as funding for the payment of employee wages and related benefits or employee
2 retirement benefits.

3 F. The department shall annually provide the legislature and the public a list
4 of projects to be constructed within the Highway Priority Program in the ensuing
5 fiscal year in an order of priority that is determined after projects are analyzed and
6 prioritized in accordance with R.S. 48:229.1 and a report that outlines the progress
7 of the projects funded by the avails of the tax levied pursuant to this Section and R.S.
8 47:818.12.2.

9 §818.12.2. Tax adjustments

10 A. Beginning January 1, 2021, the taxes levied pursuant to the provisions of
11 R.S. 47:818.12, 818.12.1, 818.111, and 820.1 shall be adjusted every four years by
12 the average change in the previous four years in the Consumer Price Index for All
13 Urban Consumers, "CPI-U", as published by the Bureau of Labor Statistics.
14 However, the total increase authorized in accordance with the provisions of this
15 Subsection shall not be more than three percent per adjustment, and in no event shall
16 the taxes levied pursuant to the provisions of R.S. 47:818.12, 818.12.1, 818.111, and
17 820.1 be less than the total amount of taxes levied in R.S. 47:818.12, 818.12.1,
18 818.111, and 820.1.

19 B. The additional avails collected as a result of the adjustment made in
20 accordance with the provisions of this Section appropriated by the legislature shall
21 not be used by any recipient as funding for the payment of employee wages and
22 related benefits or employee retirement benefits.

23 C. The additional avails collected as a result of the index of the tax levied in
24 R.S. 47:820.1 shall be used in accordance with the provisions of R.S. 47:820.2.

25 Section 2. This Act shall take effect on January 1, 2018, and become operative only
26 if an amendment to Article VII, Section 27 of the Constitution of Louisiana proposing to
27 remove the authority of the legislature to appropriate or dedicate monies from the
28 Transportation Trust Fund to state police for traffic control purposes, and to prohibit the
29 avails of any new taxes levied on gasoline, diesel, and special fuels from being used for

1 operation of the Department of Transportation and Development including but not limited
2 to the payment of employee wages, retirement, or any other employee related benefit, and
3 to approve the levy of a new tax on gasoline, diesel, and special fuels is adopted at a
4 statewide election and becomes effective, and if the Acts that originated as House Bill Nos.
5 119 and 598 of this 2017 Regular Session of the Legislature are enacted and become
6 effective, and if HCR No. 4 of this 2017 Regular Session of the Legislature is adopted by
7 both houses of the Louisiana Legislature.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 632 Engrossed

2017 Regular Session

Steve Carter

Abstract: Creates an additional tax on gasoline, diesel fuels, and special fuels and requires the current and additional tax to be adjusted periodically in accordance with the Consumer Price Index.

Proposed law provides for an additional 17¢ tax on gasoline, diesel fuel, and special fuels.

Proposed law requires the Dept. of Transportation and Development to use the proceeds of the tax as follows:

- (1) 50% dedicated to capacity projects.
- (2) 27% dedicated to preservation projects.
- (3) 8% dedicated to routine highway maintenance.
- (4) 3% dedicated to highway safety.
- (5) 6% dedicated to multimodal projects.
- (6) 6% dedicated to local government assistance projects.

Proposed law requires the 50% dedicated to capacity projects to be allocated as follows:

- (1) Not less than 85% for construction of Priority A and B mega-projects.
- (2) Not more than 15% on other capacity projects.

Proposed law requires the 27% dedicated to preservation projects to be allocated as follows:

- (1) 55% for bridge preservation and interstate pavement preservation projects.
- (2) 45% for non-interstate pavement preservation projects, the proceeds of which shall be divided between each legislative district at the rate of \$500 per lane mile within the district to be used for Highway Priority Programs for the district as determined

by the legislator for that district. The proceeds may be redirected if the need for non-interstate pavement preservation projects have been satisfied.

Proposed law prohibits any recipient from using the avails of the tax levied in proposed law for the payment of employee wages and related benefits or employee retirement benefits.

Proposed law requires the Dept. of Transportation and Development annually provide the legislature and public a list of projects to be constructed within the Highway Priority Program in the ensuing fiscal year in an order of priority that is determined after projects are analyzed and prioritized in accordance with present law and requires the department prepare a report that outlines the progress of projects funded by the avails generated by proposed law.

Proposed law requires the taxes levied in present law and the additional taxes levied in proposed law to be adjusted every four years by the average change in the previous four years in the Consumer Price Index for All Urban Consumers (CPI-U).

Proposed law prohibits the total increase authorized as a result of the index from being more than 3% per adjustment and prohibits the taxes levied pursuant to proposed law from being less than the total amount of taxes levied in present law and proposed law.

Proposed law prohibits any recipient from using the avails collected as a result of the index for funding the payment of employee wages and related benefits or employee retirement benefits.

Proposed law requires the additional avails collected as a result of the index of the tax levied in present law be used in accordance with the provisions of present law.

Effective on Jan. 1, 2018, if an amendment to Art. VII, Sec. 27 of the Constitution of La. proposing to remove the authority of the legislature to appropriate or dedicate monies from the Transportation Trust Fund to state police for traffic control purposes, and to prohibit the avails of any new taxes levied on gasoline, diesel, and special fuels from being used for operation of the Dept. of Transportation and Development including but not limited to the payment of employee wages, retirement, or any other employee related benefit, and to approve the levy of a new tax on gasoline, diesel, and special fuels is adopted at a statewide election and becomes effective, and if the Acts that originated as House Bill Nos. 119 and 598 of this 2017 R.S. of the Legislature are enacted and become effective, and if HCR No. 4 of this 2017 R.S. of the Legislature is adopted by both houses of the Legislature.

(Adds R.S. 47:818.12.1 and 818.12.2)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Change the distribution of the proceeds of the tax.
2. Remove specific references to the Dept. of Transportation and Development and administrative and operational costs with respect to the prohibition on uses of the proceeds of the tax and any additional tax dollars resulting from the indexing.
3. Remove the provisions of proposed law that terminate the tax if certain conditions are not met.
4. Change the start date of indexing the taxes from Jan. 1, 2020, to Jan. 1, 2021.

5. Change the indexing period from annually to every four years using the average CPI-U for the previous four years.
6. Change the ceiling on the index increase from 13¢ to 3% per adjustment.
7. Make proposed law effective on Jan. 1, 2018, if an amendment to Art. VII, Sec. 27 of the Constitution of La. proposing to remove the authority of the legislature to appropriate or dedicate monies from the Transportation Trust Fund to state police for traffic control purposes, and to prohibit the avails of any new taxes levied on gasoline, diesel, and special fuels from being used for operation of the Department of Transportation and Development including but not limited to the payment of employee wages, retirement, or any other employee related benefit, and to approve the levy of a new tax on gasoline, diesel, and special fuels is adopted at a statewide election and becomes effective, and if the Acts that originated as House Bill Nos. 119 and 598 of this 2017 R.S. of the Legislature are enacted and become effective, and if HCR No. 4 of this 2017 R.S. of the Legislature is adopted by both houses of the Legislature.