

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 354** HLS 17RS 1073
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 23, 2017 12:19 PM	Author: THIBAUT
Dept./Agy.: Transportation and Development	Analyst: Alan M. Boxberger
Subject: Provides relative to dedication of motor fuel taxes	

TAX/GASOLINE TAX RE SEE FISC NOTE SD EX See Note Page 1 of 2
 (Constitutional Amendment) Provides relative to the dedication of proceeds of the tax levied on motor fuels

Present constitution establishes the Transportation Trust Fund (TTF) as a special treasury fund and requires that all state taxes levied on gasoline and motor fuels be deposited annually into the fund and provides for allowable uses of the TTF.

Proposed constitutional amendment removes authority to appropriate or dedicate monies in the Transportation Trust Fund (TTF) to state police for traffic control purposes. Proposed constitutional amendment establishes the Construction Subfund within the TTF and requires the avails of any new tax levied on gasoline, diesel, and special motor fuels enacted on or after 7/1/17 to be deposited into the subfund for use on direct costs associated with project delivery, construction and maintenance of transportation and capital transit infrastructure projects of the state and local government, and prohibits any monies in the subfund from being used by DOTD for administrative costs to operate the department. Proposed constitutional amendment shall be submitted to the voters at the statewide election to be held on 10/14/17.

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

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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

Proposed constitutional amendment removes provisions allowing a portion of monies deposited into the Transportation Trust Fund (TTF) to be appropriated to the Office of State Police (OSP) for traffic control purposes. Under the present constitution, the monies in the TTF shall be appropriated or dedicated solely and exclusively for the costs for and associated with construction and maintenance of the roads and bridges of the state and federal highway systems, the Statewide Flood-Control Program, ports, airports, transit, state police for traffic control purposes, and the Parish Transportation Fund . . .” Present constitution further provides that state generated tax monies (from the TTF) appropriated for ports, Parish Transportation Fund, Statewide Flood-Control Program and state police for traffic control purposes shall not exceed 20% annually of the state generated tax revenues in the trust fund. Proposed constitutional amendment may result in a redistribution of the allocation of TTF among the remaining eligible uses of the fund as noted for in present constitution above, or to be used by the department for the maintenance and construction of the state transportation system.

For informational purposes, the amount of TTF expended and/or appropriated to OSP over the past five fiscal years was: \$45.9 M in FY 13, \$68.9 M in FY 14, \$62.4 M in FY 15, \$43.2 M in FY 16 and \$0 in FY 17. There is no appropriation from the TTF to OSP as currently reflected in the initial executive budget recommendation as reflected in House Bill 1 Original. To that effect, proposed constitutional amendment has no immediate fiscal impact. However, approval of the constitutional amendment will restrict flexibility for the executive and legislative branches in future fiscal years.

Proposed constitutional amendment provides that the avails of any additional tax on gasoline, motor fuels and special fuels on or after July 1, 2017, shall be deposited into a newly created subfund within the TTF. To the extent that new taxes on the prescribed fuels should be enacted by the legislature, proposed constitutional amendment will allow the legislature to appropriate from the subfund in an amount pursuant to the provisions of any such tax increase.

Proposed constitutional amendment provides that the monies in the TTF subfund shall be appropriated and dedicated solely for the direct costs associated with actual project delivery, construction and maintenance of transportation and capital transit
See Expenditure Explanation Continued on Page 2

REVENUE EXPLANATION

Proposed constitutional amendment requires that revenues of any additional taxes enacted on gasoline, motor fuels and special fuels, on or after 7/1/17, be deposited in a newly created “Construction Fund” within the Transportation Trust Fund to be used appropriated and dedicated solely for the direct costs associated with actual construction and maintenance of the roads and bridges of the state. Any such increase is speculative and revenues generated are indeterminable.

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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CONTINUED EXPLANATION from page one:

Expenditure Explanation Continued from Page 1

infrastructure projects of the state and local government, and prohibits use of said funding for any administrative cost for operation of the department including, but not limited to, payment of employee wages, related benefits or employee retirement benefits. Such an increase is speculative based on any changes in transportation tax funding levels on or after 7/1/17, but may result in a significant increase in statutory dedication expenditures associated with construction and maintenance activities. For illustrative purposes, each penny of gasoline tax creates approximately \$30 M of revenue.

Proposed constitutional amendment establishes a subfund within the TTF known as the Construction Subfund. The Louisiana Department of Treasury will incur SGF costs related to the creation of a subfund, including fund accounting, financial reporting, banking and custodial functions. These costs are typically small for individual funds or dedications (likely to be several thousands of dollars) and are typically absorbed within existing resources until cumulative additional dedications necessitate that increased resources be provided. At the point additional resources are necessary, the Treasury reports it will require one additional T.O. position with total personal services costs of approximately \$71,000 as well as one-time costs associated with acquisition of office equipment at approximately \$2,450.

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
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