



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 276** HLS 20RS 583
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 18, 2020 3:17 PM	Author: MACK
Dept./Agy.: Department of Transportation and Development	Analyst: Alan M. Boxberger
Subject: Limits the TTF from paying certain DOTD expenses	

FUNDS/FUNDING OR +\$32,870,000 GF EX See Note Page 1 of 2

Limits monies deposited into the Transportation Trust Fund from being used to pay for certain Dept. of Transportation and Development expenses

Present constitution requires monies deposited into the Transportation Trust Fund (TTF) to be appropriated and dedicated solely and exclusively for costs associated with construction and maintenance of roads and bridges of the state and federal highway systems, the Statewide Flood-Control Program, ports, airports, transit and the Parish Transportation Fund. Present law provides for certain limitations on appropriations and utilization of the TTF. Proposed law adds the following limitations to utilization of the TTF by DOTD: beginning in FY 22 and each year thereafter, DOTD shall not use the TTF to pay for benefits of retired employees; beginning in FY 23, DOTD shall not use TTF monies to pay for benefits of current employees; beginning in FY 24, for more than 50% of the annual salary costs for current employees; and beginning in FY 25, benefits and salaries of current employees shall be prohibited expenses for the TTF. Proposed law allows for an exception if these expenses are authorized in the general appropriation bill.

EXPENDITURES	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$32,870,000	\$144,880,000	\$256,500,000	\$368,150,000	\$802,400,000
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$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

REVENUES	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$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	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will result in an increase in SGF expenditures beginning in FY 22 and increasing annually through FY 25 related to a phased prohibition of utilizing the Transportation Trust Fund-Regular (TTF-Regular) to pay for certain department operating expenses, unless authorized in the general appropriation bill (GAB). Should proposed law be enacted, DOTD will require a recurring funding source to offset the inability to utilize the TTF-Regular for existing expenses. For purposes of this fiscal note, those expenditures are assumed to be SGF and departmental operations are assumed to remain at current staffing levels. In the event the GAB authorizes the use of TTF-Regular in any given fiscal year, the impacted expenditures would still be paid from the statutory dedication instead of SGF, alleviating the impact detailed in this fiscal note for that corresponding appropriation year.

The expenditure impact on the SGF will be comprised of the following components:

	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
(1) Post-Retirement Benefits	\$32.87 M	\$32.87 M	\$32.87 M	\$32.87 M
(2) Percentage of Related Benefits (current employees)		\$112.02 M	\$114.26 M	\$116.54 M
(3) Percentage of Annual Salaries (current employees)			\$109.37 M	\$218.74 M
*Total Impact	\$32.87 M	\$144.88 M	\$256.5 M	\$368.15 M

*DOTD estimated expenditures for FY 22 through FY 28 as follows:

(1) Post-retirement benefits are based on FY 19 actual expenditures and not adjusted annually. These figures may increase or decrease as a result of the number of DOTD employees receiving post-retirement benefits in any given fiscal year. A large number of employees are retirement eligible or will be within the fiscal note's window, but the impact is indeterminable.

SEE EXPENDITURE IMPACT CONTINUED ON PAGE TWO

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H} <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}	House <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	
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Evan Brasseaux

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 Staff Director

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CONTINUED EXPLANATION from page one:

EXPENDITURE IMPACT CONTINUED FROM PAGE ONE

(2) Related benefits expenditures are based on FY 19 actuals and a 2% annual increase is applied.
(3) DOTD reported salaries based on FY 19 actual expenditures but did not reflect annual civil service market rate adjustments. *If the LFO assumed a 3% annual growth in salaries due to the civil service market rate adjustments between FY 22 and FY 25 in an effort to reflect the maximum potential expenditure exposure, the potential expenditures would increase for salaries and total by the following amounts (salaries are not impacted until FY 24, growth is applied to each intervening fiscal year between FY 19 actual and FY 25 for this calculation):*

*FY 24 - \$17.42 M increase to \$273.92 M Total Impact
FY 25 - \$42.45 M increase to \$410.6 M Total Impact*

These salary adjustments assume growth applied to FY 19 actual expenditures without regard to retirements, new hires, training series adjustments, attrition rates, or other potential salary adjustments. The actual expenditures may be greater or lesser depending on these factors.

NOTE: The LFO assumes the restriction of TTF-Regular for ongoing personal services costs would facilitate an equal increase of non-personal services and capital outlay expenditures out of the TTF-Regular. This does not allow the drawdown of additional federal match monies, as DOTD already matches its full allotment. However, DOTD projects potentially being unable to meet its full match requirement at some time in the next few fiscal years and proposed law may delay the inability to match the full federal allotment indefinitely.

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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