

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **SB 471** SLS 20RS 600
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action: **W/ SEN FLOOR AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 19, 2020 4:17 PM	Author: MILLS, ROBERT
Dept./Agy.: Agriculture & Forestry; Insurance	Analyst: Patrice Thomas
Subject: LA Timber Transportation and Safety Act	

AUTOMOBILE INSURANCE EGF INCREASE SG EX See Note Page 1 of 2
 Provides for the Louisiana Timber Transportation and Safety Act. (8/1/20)

Proposed law provides tort damages or injuries which occurs after 01/01/2021 against timber transportation vehicle operated by a qualified timber transportation operators as follows: (1) limits personal injury claims against qualified timber transportation operators to \$500,000 plus interest and costs; (2) limits medical care, property damage, related benefits and lost wage damages to amount actually paid; and (3) limits attorney fees to 20% of the amount recovered. Proposed law creates the LA Timber Transportation and Safety Oversight Board that administers the newly created LA Timber Transportation and Safety Fund comprised of an annual surcharge levied on timber transportation operators determined by the Commissioner of Agriculture after consulting the board (surcharge collected by insurance companies and not required to be deposited into the state treasury). Proposed law provides a \$100 filing fee for mediation of claims against the fund filed with the Agriculture commissioner, which shall be used by Agriculture for the cost incurred in administering the claims process.

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EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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>	<u>\$0</u>
Annual Total						

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
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	\$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>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

Proposed law will increase SGR expenditures within the Department of Insurance by at least \$30,000, as well as increasing expenditures by the Department of Agriculture and Forestry and the Legislature by an indeterminable, but likely nominal amount assumed to be SGF. Proposed law creates the LA Timber Transportation and Safety Oversight Board and provides that the Commissioner of Agriculture or his designee serve as chairman of the board, the Commissioner of Insurance or his designee, and four Legislators serve on the board. The Department of Insurance reports expenditures of \$30,000 annually for the first three fiscal years to contract with an actuary to assist the department in reviewing the annual surcharge and rate filing required under this measure until staff within the department have gained sufficient knowledge to perform reviews independently.

Proposed law is anticipated to increase workload within the Department of Agriculture as this measure requires the Commissioner of Agriculture to administer the mediation process against the LA Timber Transportation and Safety Oversight Board and LA Timber Transportation and Safety Fund. The appropriate level of staff depends on the number of mediation claims filed, which is indeterminable. Proposed law authorizes a \$100 filing fee on each mediation claim per defendant filed to offset expenditures incurred by the Commissioner of Agriculture to administer the mediation claims process; and provides that the surcharge rates assessed by the LA Timber Transportation and Safety Oversight Board shall cover all administrative cost within Agriculture as well as mediation expenses not covered by the filing fees.

Proposed law may increase workload within the Department of Insurance as this measure enacts Timber Transportation Group Self-Insurance Funds that require regulation authority, audits, investigation, and other duties by the department. The Department of Insurance reports a minimal workload increase from the creation of self-insurance funds under this measure. The Legislative Fiscal Office (LFO) assumes any workload within the Department of Insurance associated with the creation of self-insurance funds for commercial automobile insurance under this measure can be handled utilizing existing resources and budget authority.

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REVENUE EXPLANATION

Proposed law increases SGR within the Department of Agriculture and Forestry. Proposed law authorizes a \$100 filing fee on each mediation claim per defendant filed against the LA Timber Transportation and Safety Board and LA Timber Transportation and Safety Fund. Proposed law provides the surcharge rates and filing fees are to offset expenditures

REVENUE EXPLANATION CONTINUED ON PAGE TWO

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

Evan Brasseaux
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Staff Director

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CONTINUED EXPLANATION from page one:

OVERVIEW CONTINUED FROM PAGE ONE

Proposed law provides the following: (1) duties by the Commissioner of Agriculture in the mediation of claims process including selection of a mediator, which is before any action can be commenced in court; (2) duties of the mediator including the maximum hourly fee rate; and (3) powers and duties of the LA Timber Transportation and Safety Oversight Board and its membership, which includes four Legislative appointments. Proposed law provides that payment of mediation be paid from the LA Timber Transportation and Safety Fund. Proposed law provides that the LA Forestry Association and the LA Logger's Association may establish self-insured funds. Proposed law enacts the LA Timber Transportation Group Self-Insurance Funds and provides for the following: (1) commercial automobile insurance; (2) definitions; (3) requirements of the self-insurance fund; (4) duties by the Commissioner of Insurance to regulate, audit, and investigate; and (5) provide for payment of claims.

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Proposed law provides that the LA Timber Transportation and Safety Oversight Board and the LA Timber Transportation and Safety Fund are private. Therefore, monies in the LA Timber Transportation and Safety Fund are not required to be deposited into the state treasury. All expenditures of the LA Timber Transportation and Safety Oversight Board will be paid from the LA Timber Transportation and Safety Fund. The fund and board shall not be entitled to an appropriation of SGF without a specific appropriation approved by the legislature.

Proposed law may increase SGF expenditures for the Dept. of Agriculture and the Legislative branch associated with board member attendance at the newly-created LA Timber Transportation and Safety Oversight Board. Board attendance will result in an indeterminable expenditure increase as a result of per diem and travel expenses. Proposed law specifies that Board members shall serve without salary or per diem, but shall be reimbursed for actual and reasonable expenses incurred to attend meetings or conduct other work undertaken at the direction of the board. Any Legislative members of the board are assumed to receive a per diem rate of \$161 in addition to travel reimbursement of \$0.575 per mile. Legislative expenditures are made from the SGF. Any additional workload associated with Board administrative activities is anticipated to be handled with existing staff and resources within the Dept. of Agriculture.

Note: Proposed law requires the LA Community and Technical College System (LCTCS) to provide an instructor/facility member with expertise in safety education for commercial vehicles to serve on the board as a non-voting member in an advisory capacity. The LFO anticipates no impact on LCTCS as a result of this measure.

REVENUE EXPLANATION CONTINUED FROM PAGE ONE

incurred by the Commissioner of Agriculture in administering the mediation claims process. The exact amount of SGR generated by filing or mediation fees are indeterminable and dependent on the prospective number of mediation claims filed.

NOTE: LDI currently generates SGR in excess of its operating budget authority and this amount is included as SGF revenue by the Revenue Estimating Conference (REC). The excess reverting to the SGF exceeds the amount necessary for the expenditures required under the proposed law. LDI could absorb the costs incurred by the proposed law with existing revenues but would require additional SGR budget authority in the General Appropriations Bill totaling \$30,000 in FYs 21 through FY 23. This would, in effect, reduce the SGF estimate by the REC on a dollar for dollar basis.

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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Staff Director