



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: **SB 30** SLS 21RS 118
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 6, 2021	5:28 PM	Author: CATHEY
Dept./Agy.: Revenue		Analyst: Benjamin Vincent
Subject: Dedication of Sales Tax to TTF		

TAX/SALES OR -\$250,000,000 GF RV See Note Page 1 of 1
 Dedicates a portion of the state sales tax to the Transportation Trust Fund. (7/1/22)

Current law subjects purchases of tangible personal property to a combined state sales and use tax rate of 4.45%. 0.45% of the 4.45% is levied via R.S. 47:321.1, which will expire on June 30, 2025. At that time, these purchases will be subject to a combined state rate of 4%.

Proposed law dedicates \$250 million of the avails of the R.S. 47:321.1 levy to the Transportation Trust Fund (TTF) annually. It requires these monies to be appropriated solely for the direct costs associated with actual product delivery, construction, and maintenance of roads and bridges within the state highway system, and a minimum of 50% to be appropriated equally for projects in each of the nine highway districts. Proposed law additionally requires the Legislative Auditor (LLA) to conduct annual performance audits of DOTD's operations to ensure compliance with the provisions of proposed law. Effective July 1, 2022.

EXPENDITURES	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	SEE BELOW	SEE BELOW	SEE BELOW	\$0
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>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	(\$250,000,000)	(\$250,000,000)	(\$250,000,000)	\$0	(\$750,000,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$250,000,000	\$250,000,000	\$250,000,000	\$0	\$750,000,000
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 of funds deposited into the Transportation Trust Fund (TTF), and restricts the monies redirected by proposed law to solely be allocated towards direct costs of actual delivery, construction, and maintenance of roads and bridges in the state highway system. The diversion of SGF resources into the TTF will necessitate a dollar-for-dollar expenditure reduction among an indeterminable number of state agencies that rely on SGF appropriations.

Additionally, LLA reports a minor annual general fund expenditure of approximately \$11,000 under the LLA assumption of a risk-based sampling performance audit approach, in lieu of reviewing all transactions, beginning in FY24. The audit effort will presumably be funded via a transfer from DOTD to LLA.

REVENUE EXPLANATION

Proposed law redirects \$250 million in annual sales tax revenues via the temporary R.S. 47:321.1 levy from the general fund to a dedicated fund. Proposed law would result in a general fund reduction of \$250M for FY22 through FY25, and due to the expiration of the temporary levy, would have no effect in FY26 or any subsequent year.

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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