

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 511** HLS 21RS 858

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 27, 2021	8:18 PM	Author: MCFARLAND
Dept./Agy.: Transportation and Development		
Subject: Provides for budgetary operations and funding for DOTD		Analyst: Alan M. Boxberger

BUDGETARY CONTROLS

EG SEE FISC NOTE GF EX See Note

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Provides relative to budgetary operations and funding for the Department of Transportation and Development

Present law requires the treasurer to deposit the avails of taxes from the sale, use, lease, rental, distribution, consumption and storage for use or consumption of motor vehicles into the TTF on certain triggering conditions in an amount equal to an increase in SGF as certified by the Revenue Estimating Conference as being attributable to certain mineral revenues. Proposed law establishes the Commission on Government Reform in Transportation to assess DOTD's operations, personnel costs and capital expenditures; requires the legislative auditor to commence a comprehensive audit of DOTD to include operations, efficiency, and use of the Construction Subfund of the TTF-Regular; requires the treasurer to deposit the avails of motor vehicle sales taxes into the Construction Subfund of the TTF beginning with 10% of the total in FY 22 and increasing by 10% cumulative until 100% of avails are so deposited in FY 31; repeals deposit of certain mineral revenues into the TTF on certain triggers; and requires DOTD to develop an online platform to provide public access to Highway Priority Program information, specifies online content and requires raising public awareness.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	\$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	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	(\$47,370,000)	(\$95,940,000)	(\$146,010,000)	(\$197,080,000)	(\$249,600,000)	(\$736,000,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$47,370,000	\$95,940,000	\$146,010,000	\$197,080,000	\$249,600,000	\$736,000,000
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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will reallocate the appropriation of SGF totaling \$47.4 M in FY 22 derived from 10% of the state sales tax on the sale, use, lease or rental of motor vehicles into the Construction Subfund of the Transportation Trust Fund. The percentage of motor vehicle sales taxes to be deposited into the Construction Subfund will increase by a cumulative 10% annually until 100% of the avails are so deposited in FY 31.

LA Constitution Article VII, §27(B)(2) provides that, "monies in the subfund shall be appropriated and dedicated solely for the direct costs associated with actual project delivery, construction, and maintenance of transportation and capital transit infrastructure projects of the state and local government. The monies in the subfund that are appropriated by the legislature to the Department of Transportation and Development, or its successor, shall not be utilized by the department for the payment of employee wages and related benefits or employee retirement benefits." These monies will generally be available for appropriation in the Capital Outlay Appropriation Bill to provide for construction and project delivery or to DOTD in the General Appropriations Bill for operating costs associated with project delivery and maintenance. While proposed law does not create a direct, material change in specific expenditures within DOTD, monies derived from the state sales tax on motor vehicles are currently appropriated out of the SGF to other general purposes statewide.

SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

Proposed law does not create a direct material effect on governmental revenues, **but does require** an appropriation of SGF in an amount equal to 10% of the state sales tax on the sale, use, lease or rental of motor vehicles into the Construction Subfund of the Transportation Trust Fund. The percentage of motor vehicle sales taxes to be deposited into the Construction Subfund will increase by a cumulative 10% annually until 100% of the avails are so deposited in FY 31. **For illustrative purposes, the LFO reports the reallocation of the SGF dollars as a negative to the SGF and an increase to Ded./Other in order to illustrate that these revenues will be allocated to a specific purpose within DOTD rather than being available to the legislature to provide for other general, nonspecific expenditures of the state as in present law.**

NOTE: The amounts reported in the revenue block above for FYs 22 through 25 depict the 1/19/21 forecast by the Revenue Estimating Conference for motor vehicle sales tax collections multiplied by the 10% cumulative increases (10% in FY 22, 20% in FY 23, 30% in FY 24, 40% in FY 25 and 50% in FY 26). The LFO assumes a 1.013% revenue growth for FY 26 as reported in the revenue block, which is the average of the annual growth rates forecast between FYs 22 and 25.

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 ONE

Proposed law provides that no later than July 1, 2022, the LA Legislative Auditor (LLA) shall commence a comprehensive audit of DOTD to include enumerated items such as operations, organizational efficiency, and use of the avails of the taxes deposited into the Construction Subfund of the TTF-Regular. The audit findings shall be submitted to the speaker of the House of Representatives and the President of the Senate no later than September 30, 2023. The LLA estimates expenditures of approximately \$11,000 SGR over the course and scope of the project in FYs 21 through 23 to perform the required audit of the Construction Subfund and report on its findings (depicted in this fiscal note as SEE BELOW in SGR expenditures). LLA will bill DOTD the amount incurred to perform the audit, which will result in a corresponding expenditure increase by DOTD from available sources (depicted in this fiscal note as an INCREASE in Ded./Other expenditures).

Proposed law creates the Commission on Government Reform in Transportation for the purposes of assessing the operations, personnel services costs, and capital project expenditures of DOTD. The Commission is to be comprised of 13 appointed or enumerated members (or the enumerated members' designees). The LFO assumes Commission members will serve without compensation but will be eligible for reimbursement of travel costs in accordance with state travel regulations. Proposed law directs DOTD to provide staff support as necessary to the Commission. If deemed necessary, DOTD shall also finance and procure any third-party services sought by the Commission in carrying out its purpose. DOTD anticipates that the workload to provide staff support to the Commission is likely to be nominal and can be absorbed within existing resources. In the event of a procurement of third-party services, DOTD would realize a corresponding increase in expenditures but this provision is speculative and indeterminable at this time.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

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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