



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 623** HLS 21RS 859
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 7, 2021 4:07 PM	Author: MCFARLAND
Dept./Agy.: Transportation and Development	Analyst: Alan M. Boxberger
Subject: Provides for increases to fees and self-generated revenues	

TRANSPORTATION OR INCREASE SG RV See Note Page 1 of 2
 Provides for increases to fees and self-generated revenue of the Department of Transportation and Development

Proposed law requires DOTD to prioritize Self-Generate Revenue (SGR) as a means of financing department operations by establishing the following: a minimum of \$25 for all fees or rates charged to individuals for any service or purpose by the department and a minimum of \$50 for all fees or rates charged to businesses. Proposed law requires DOTD to increase any flat or formula based fee or rate established in law, the LA Administrative Code, or any other manner by the department as of 6/30/20, by 10% on 7/1/21. Proposed law provides that the fee be increased to the new proposed individual/business fee floor if the 10% increase does not raise the fee above the floor. Proposed law requires DOTD to adjust all fees annually beginning 7/1/22 in accordance with the consumer price index; to assess its cost for services relative to fees and rates and to submit a report to the Commission on Government Reform in Transportation with its findings by 12/31/22; removes the \$150 minimum payment for the placement, erection and maintenance of logo signs; provides that maximum fees for logo signs apply only to companies with fewer than 50 employees and increases the maximum associated fees by type; requires DOTD to not limit fees for companies with more than 50 employees; and creates a new outdoor advertising permit fee within DOTD for companies of different sizes (by number of employees). Proposed law authorizes DOTD to promulgate rules.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
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

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Proposed law directs the department to prioritize SGR as a substantive means of financing for its operations. To the extent increased SGR revenue collections offset existing operating costs paid from other means of finance, the department will be able to redirect those alternate sources to other purposes within the operating or capital outlay budgets.

REVENUE EXPLANATION

Proposed law will result in an indeterminable, but potentially significant increase in self-generated revenues for the Department of Transportation and Development (DOTD). Proposed law requires that DOTD shall increase by 10% any flat or formula based fee or rate established in law, the Administrative Code, or in any other manner. Proposed law provides that any fee or rate charged to an individual for any service or purpose by the department shall not be less than \$25 and any fee and rate charged to a business shall not be less than \$50. Beginning on July 1, 2022, fees shall be adjusted annually in accordance with the U.S. Bureau of Labor Statistics' consumer price index as published in January of each year.

LOGO Sign Program

Proposed law increases the fee cap structure of \$50-\$450 for the LOGO sign program to a new cap of \$250-\$1,000 for small companies with fewer than 50 employees. For companies with 50 or more employees, proposed law provides that the department shall not limit fees but shall instead instruct the qualified third party (administrator) to seek to market the program in an effort to maximize revenue.


DOTD reports that it has received \$360,000 annually in self-generated revenue from its third party LOGO sign contractor over the past three years (a portion of an annual \$1.8 M per year in gross revenues for the contractor). Increasing the fee structure caps for companies with fewer than 50 employees and marketing the program to companies with 50 or more employees will likely increase revenues by an indeterminable amount depending on participation decisions by companies wishing to participate in the LOGO Program at the increased fee structure.

Outdoor Advertising Program

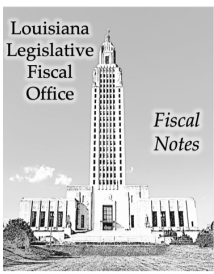
Proposed law provides that the annual permit fee for outdoor advertising signs, displays and devices owned by a company with fewer than 50 employees shall be \$50 for each structure along non-interstate highways and \$250 for each along

SEE 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 checked="" 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}


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CONTINUED EXPLANATION from page one:

REVENUE EXPLANATION CONTINUED FROM PAGE ONE

interstate highways. For companies with 50 or more employees, the annual permit fee shall be 10% of the previous year's gross annual revenues generated for the company by each individual structure positioned along any road, highway or interstate in Louisiana.

DOTD does not currently track or possess information regarding the number of employees employed by vendors or the gross revenues attributable to current outdoor advertising signs, displays and devices. However, for illustrative purposes on the minimum revenue side, assuming all existing vendors had fewer than 50 employees the potential increase in revenues could range from \$359,000 up to \$1.8 M, depending on placement of the advertising structure (interstate vs. non-interstate).

Other Fees

DOTD reports that it collects other nominal miscellaneous fees for production and copying of plans, specifications and maps congruent with the cost of photocopying or reproducing the documents. The department assumes **proposed law** is not intended to set a \$25-\$50 fee for this service. If the fee does apply to these services, the department reports that it is now optional for individuals to receive these documents by electronic transfer at no cost. If the fee to receive these items became incompatible with the value of a physical copy, the department believes most of this activity would be requested by electronic transfer and would thus render no appreciable increase in revenues.

Senate

Dual Referral Rules

House

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

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

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

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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