

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 500** SLS 14RS 258

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 29, 2014 7:03 AM	Author: HEITMEIER
Dept./Agy.: State Treasury, DOTD, Revenue, Attorney General	Analyst: Alan M. Boxberger
Subject: Refund of certain collections in the CCC Amnesty Program	

ROADS/HIGHWAYS

EN INCREASE SD EX See Note

Page 1 of 2

Provides for refund of certain collections in the amnesty program for the Crescent City Connection Bridge. (gov sig)

Proposed law provides that any person that availed themselves of the toll violation amnesty program as provided in R.S. 47:7019.1 and made payment for a toll violation to DOTD during the amnesty period, shall be entitled to a refund of any such payments under either of the following circumstances: 1) such person possessed a valid toll tag and payment account, but due to no fault of his own, the payment account was not accessed for payment, 2) such person did not possess a valid toll tag and made payment for less than five toll violations. Proposed law creates the Crescent City Amnesty Refund Fund and provides for deposit of specified monies. Proposed law requires the La Department of the Treasury (DoT) to return specified monies as unclaimed property between 10/1/14 and 6/30/15, advertise availability of the funds, and provides for appropriation of any balances remaining in the fund on 7/1/15. Proposed law provides that DoT shall have no obligation after 6/31/15 to refund collected monies. Proposed law forgives toll violations of any person possessing a valid toll tag and payment account but whose account was not accessed through no fault of his own.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	SEE BELOW	\$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

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
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 a \$128,681 expenditure from the newly created Statutory Dedication - Crescent City Amnesty Refund (CCAR) Fund and a modest but indeterminable SGR expenditure from the operating funds of the La Department of the Treasury (DoT) dependent upon the volume of claims to be processed by the Unclaimed Property Program. DoT generally retains up to 7% of all Unclaimed Property Collections to cover administrative expenses related with the Unclaimed Property Program. While this bill does not specify such a transfer of funds, this fact can be used to estimate the potential costs for DoT to refund toll violations at \$9,008 (\$128,681 X 0.07). Proposed law may result in an indeterminable but likely insignificant increase in SGR expenditures by the Attorney General (AG), Department of Revenue (DoR) and Office of Debt Recovery (ODR). Proposed law will transfer \$128,681 from the Crescent City Connection Transition (CCCT) Fund into the CCAR Fund. All funds transferred into the CCAR Fund will be distributed as unclaimed property through 6/30/15 and the balance will be appropriated to specified purposes on 7/1/15 (see page 2). DOTD, AG and DoR may realize a modest but indeterminable expenditure increase associated with segregating the records as indicated in proposed law for transmittal to DoT. These costs can likely be absorbed within existing resources.

EXPENDITURE EXPLANATION CONTINUED ON PAGE 2

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. Proposed law specifies that no action shall be taken to collect a toll violation from any person who possessed a valid toll tag and payment account, but due to no fault of his own, the toll payment account was not accessed for payment. The AG has already determined that toll violations in this category (#1 in the Expenditure Explanation) would not be pursued due to legal and equitable reasons. The AG notified DOTD to cancel these accounts. Therefore, there is no projected impact on governmental revenues.

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|--|----------------------------|-------|--|
| Senate | <u>Dual Referral Rules</u> | House | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {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:
EXPENDITURE EXPLANATION CONTINUED FROM PAGE 1

Proposed law creates a new Statutory Dedication within the state treasury. Creating new funds within the treasury results in marginal additional workloads for the agency, which can usually be absorbed within existing resources. To the extent that other legislative instruments create additional funds, activities associated with the aggregate effort to perform fund accounting, financial reporting, banking and custodial functions may result in a need for additional SGR or SGF financial support.

Pursuant to Act 274 of the 2013 Regular Session of the Louisiana Legislature, DOTD established a toll violation amnesty program for all persons alleged to have failed to pay a toll on the Crescent City Connection Bridge prior to January 1, 2013. At that time, outstanding toll violations in this category totaled to \$351,926 and outstanding fines/penalties totaled to \$9.4 M. Anyone availing themselves of the amnesty program during the period of 8/1/13 to 10/1/13 would fulfill all payment obligations by paying the toll violation alone with the fines/penalties being forgiven.

During the amnesty period created by Act 274 of 2013, DOTD collected a net total of \$128,681 out of the \$351,926 that was owed due to toll violations. DOTD retained \$25,778 (20% of collections) to cover a portion of administrative costs and deposited the remaining \$102,903 into the CCCT Fund. DOTD estimates the total cost of the amnesty program was \$325,286 to collect and analyze violation data, prepare letters, postage and process payments, resulting in a net loss to the state of \$196,605. DOTD's \$325,286 expenditure was allocated as \$25,778 from the CCCT Fund and the balance of \$299,508 was paid from the TTF - Regular.

The outstanding balance of \$223,245 against the original toll violation balance due (\$351,926 outstanding balance due less \$128,681 net collections through the amnesty program), along with associated fines/penalties, were turned over to the Louisiana Attorney General (AG) for debt collection proceedings. On January 15, 2014, the AG notified DOTD that it had segregated the collections accounts into several categories. 1) Accounts representing toll violations assessed to drivers who possessed a valid toll tag with a corresponding payment account but due to technical problems the tag did not read properly and the account was not accessed for payment. The AG indicated that for legal and equitable reasons, it would not pursue payments from these accounts and designated them as uncollectible. 2) Accounts representing toll violations without a valid toll tag. The AG reported that due to the small balance due associated with each violation and due to prior collection efforts by DOTD, that accounts among these violators with less than five violations would also be deemed as uncollectible and forwarded to the ODR to be made part of the state debt inventory and for further debt collection assessments. Approximately 12,500 accounts were identified as in this category as having five or more violations. The AG indicated that it would attempt collections through all available means against these accounts, including possible placement within the ODR. 3) Accounts representing a file with license plate numbers only. Those violations had no corresponding owner name or address. The AG completed a sample analysis of this information in an attempt to identify violators but found the effort to be prohibitive, deemed the accounts as uncollectible and forwarded them to the ODR. 4) Accounts associated with drivers charged with violations but who made full payment under the amnesty program but whose payments were not processed. The AG intended to apply the payments accordingly, close the account and return to DOTD marked paid in full.

In accordance with these actions by the AG, the proposed law seeks to refund toll violation payments made during the amnesty period by individuals that correspond with category 1, and those within category 2 with less than five toll violations. DOTD was unable to provide the LFO with a breakdown of the amounts associated with these two categories within the net collections of \$128,681 within the initial amnesty program. The maximum unclaimed property exposure from the newly created CCAR Fund associated with these two account categories will likely be less than the net collections of \$128,681. All funds transferred into the CCAR Fund will be distributed as unclaimed property through 6/30/15 and the balance will be appropriated to specified purposes on 7/1/15. DOTD, AG and DoR may realize a modest but indeterminable expenditure increase, that can likely be absorbed within existing resources, associated with segregating the records as indicated in proposed law for transmittal to DoT.

The LFO assumes that the AG, DoR and ODR will pursue debt recovery actions against accounts associated with toll violators that did not participate in the amnesty program created pursuant to Act 274 of 2013, with the exception of those that fit into the AG's account category 1 above.

Appropriation of CCAR Fund Balance on 7/1/15

Proposed law provides that all unexpended and unencumbered monies remaining in the CCAR Fund on 7/1/15 shall be appropriated as follows:

- An amount not to exceed 30% shall be appropriated to DOTD for operational and maintenance costs for the New Orleans ferries, formerly operated by its Crescent City Connection Division
- The balance of monies shall be appropriated to the New Orleans Regional Planning Commission for lighting of the eastbank and westbank approaches to the Crescent City Connection Bridge, including General DeGaulle and the Westbank Expressway approach through ground level, improvements to ingress and egress points, lighting, maintenance, grass cutting, and landscaping of the Westbank Expressway and its connecting arteries.

- 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(F)(2) >= \$500,000 State Rev. Reduc. {H & S}
 - 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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