

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 630** HLS 16RS 1042
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 22, 2016 4:27 PM	Author: BACALA
Dept./Agy.: Transportation and Development	
Subject: Requires certain portion of TTF be used for certain purposes	Analyst: Alan M. Boxberger

TAX/GASOLINE TAX OR SEE FISC NOTE SD EX Page 1 of 1
 (Constitutional Amendment) Requires a certain portion of the monies in the Transportation Trust Fund to be used on certain projects

Present constitution establishes the Transportation Trust Fund (TTF) and requires that all state taxes levied on gasoline, motor fuels and special fuels be deposited annually into the fund. Monies in the fund are to be used to provide for construction and maintenance of roads and bridges of the state and federal highway systems, the Statewide Flood-Control Program, ports, airports, transit, state police for traffic control purposes, and the Parish Transportation Fund. Proposed constitutional amendment requires that 25% of the revenues generated in a parish from state taxes levied on gasoline, motor fuels and special fuels that are deposited into the fund be used exclusively for road and bridge construction and maintenance in that parish. Proposed constitutional amendment shall be placed on the November 8, 2016 statewide ballot and if approved by the voters shall become effective January 1, 2017.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	2016-17	2017-18	2018-19	2019-20	2020-21	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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed Constitutional Amendment is not anticipated to change expenditure levels, but the state planning and development process would have to include the new requirement that 25% of state taxes levied on fuels that are deposited into the Transportation Trust Fund (TTF) must be used exclusively for road and bridge construction and maintenance in that parish. The prescribed allocation of funding will impact which projects are included in the Highway Priority Program and will have implications for funding the state's district maintenance offices. Proposed constitutional amendment could potentially disrupt current and future project plans and potentially limit or slow DOTD's ability to pursue projects of regional significance.

Implementation Issues: Gasoline, motor and special fuel taxes are not collected at the point of consumer purchase or distribution, but rather they are collected at "the rack," wherein a distributor takes possession of the product at a bulk storage terminal. Currently, there is no reliable means to assess the volume of gasoline purchased in or distributed to each parish. The LFO assumes that the proposed law would result in the need to create additional reporting mechanisms that do not currently exist. The Department of Revenue reports that taxes collected at the bulk storage terminal are remitted to the state without regard to their eventual destination and no record is kept of such. Additionally, if records were taken at the terminal regarding its planned delivery location, individual trucks can be diverted en route to alternate retail sites in a different parish from that originally planned. There is no existing means for this information to be transmitted back to the terminal, or for the taxes to be assigned or reassigned to any particular parish. It is not clear whether the cost for creating a system to provide accurate reporting of fuels taxes to the parish of end-user distribution would be born by the state or by the distributor. The LFO assumes this would create at least a nominal, and possibly significant, expenditure of SGF on a one-time basis with potentially some on-going cost.

Alternatively, it may be possible that the state could rely on estimates provided by a consultant or academic institution that approximates the volume of taxes that should be distributed to each parish. However, this approach would also create an expenditure impact and it is not clear which agency would be responsible for initiating such data estimate or the frequency in which it would be updated.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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| <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} | |

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