

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 221** SLS 15RS 110

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

**REVISED**

<b>Date:</b> May 4, 2015	10:29 AM	<b>Author:</b> ADLEY
<b>Dept./Agy.:</b> Department of Transportation and Development		<b>Analyst:</b> Alan M. Boxberger
<b>Subject:</b> Provides for dedications and restrictions of certain sales tax		

FUNDS/FUNDING OR -\$109,300,000 GF RV See Note Page 1 of 1

Provides for dedications and restrictions on the deposit of sales tax revenues related to motor vehicles into the Transportation Trust Fund and an infrastructure bank. (See Act)

Present law provides for dedication and deposit of the avails of certain sales and use tax monies into the Transportation Trust Fund (TTF) beginning 7/1/08; provides for the use of such monies; provides for a phased implementation of the avails in increasing percentages between FY08 and FY15; provides for the allocation of the proceeds as 93% to the TTF and 7% to the Transportation Mobility Fund; provides that if a deficit for any current fiscal year is projected due to a decrease in the official forecast, the treasurer shall reduce the deposits required until such time as the official forecast equals or exceeds that in effect prior to the projected deficit. Proposed law revises the phase-in as 25% in FY17, 50% in FY18, 75% in FY19 and 100% in FY20 and thereafter; provides for allocation of available proceeds within the TTF and into a state infrastructure bank; repeals deficit reduction provisions; and repeals statutory provision relative to the Transportation Mobility Fund. Proposed law is effective when and if a state transportation infrastructure bank is enacted and effective (House Bill 767 of 2015).

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	(\$109,300,000)	(\$223,400,000)	(\$353,400,000)	(\$489,400,000)	<b>(\$1,175,500,000)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$109,300,000	\$223,400,000	\$353,400,000	\$489,400,000	<b>\$1,175,500,000</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

The Department of Revenue (LDR) will incur costs for computer system modification and testing, tax form redesign, and tax payer inquiries. These costs are typically small for individual tax law changes such as this (several thousands of dollars) and are typically absorbed within existing resources until cumulative changes necessitate additional resources be provided.

Proposed law provides for an allocation of the annual avails of certain sales and use tax monies, requiring the first \$70M of the total avails to be deposited into the TTF for state highway pavement and bridge sustainability projects in accordance with DOTD definitions of such projects. 93% of the avails remaining after the first \$70M carve-out to be sub-allocated as: 30% into the highway priority program for capacity projects, 7% for port construction and development priority program projects, and 63% for state highway pavement and bridge sustainability projects in accordance with DOTD definitions of such projects. The final 7% of the remaining avails after the first \$70M carve-out shall be deposited into the State Transportation Infrastructure bank as originated in House Bill 767 of the 2015 Regular Session. Proposed law eliminates statutory provisions with regard to deposits into the Transportation Mobility Fund.

Summarized Flow of Funds:

First \$70M to state highway pavement and bridge sustainability  
 93% of remaining balance sub-allocated as (30% capacity projects, 7% port priority, and 63% state highway pavement and bridge)  
 7% of the remaining balance deposited into the state infrastructure bank (HB767 of 2015)

**REVENUE EXPLANATION**

The revenue table above includes the phase-in of motor vehicles sales, lease and rental tax revenues to the Transportation Trust Fund (TTF) and the Louisiana State Transportation Infrastructure Bank (as originated in House Bill 767 of 2015) beginning FY17 through FY20.

Vehicle Sales Tax (Collected by the Office of Motor Vehicles): The phase-in schedule provided by the bill is applied to the official Revenue Estimating Conference forecasts for motor vehicle sales tax to reflect the SGF losses and TTF gains displayed above (note, the REC estimate goes through FY19 only, FY20 estimated by LFO based on average percentage growth). The official vehicle sales tax forecasts total approximately \$402.8M in FY17, \$412.4M in FY18, \$436.8M in FY19, and are estimated at \$454.9M in FY20. Given the phased increase in cumulative increments of 25% per year, the estimated amount of vehicle sales tax to be apportioned as per proposed law is \$100.7M in FY17 (25%), \$206.2M in FY18 (50%), \$327.6M in FY19 (75%) and \$454.9M in FY20 (100%).

Lease or Rental of Motor Vehicle Tax (Collected by the Department of Revenue): Taxes collected on motor vehicle leases and rentals are also subject to dedication to the Departments of Economic and Development (4/10ths of 1 percent of sales tax collections) and Culture, Recreation and Tourism (0.03%). LDR reports that total sales tax collections associated with vehicle leases and rentals, after dedications, totaled to approximately \$32M in FY12, \$33.8M in FY13 and \$34.4M in FY14. For purposes of this fiscal note, the LFO used the FY14 total of \$34.4M as a baseline for collections through FY20. To the degree that collections increase above \$34.4M, the allocation to the TTF would increase accordingly. The estimated amount of vehicle lease and rental tax to be apportioned as per proposed law is: \$8.6M in FY17 (25%), \$17.2M in FY18 (50%), \$25.8M in FY19 (75%) and \$34.4M in FY20 (100%).

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|--|----------------------------|-------|--|
| Senate   | <u>Dual Referral Rules</u> | House | <input checked="" 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 Rev. Red. to State {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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