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## DIGEST

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HB 632 Engrossed

2017 Regular Session

Steve Carter

**Abstract:** Creates an additional tax on gasoline, diesel fuels, and special fuels and requires the current and additional tax to be adjusted periodically in accordance with the Consumer Price Index.

Proposed law provides for an additional 17¢ tax on gasoline, diesel fuel, and special fuels.

Proposed law requires the Dept. of Transportation and Development to use the proceeds of the tax as follows:

- (1) 50% dedicated to capacity projects.
- (2) 27% dedicated to preservation projects.
- (3) 8% dedicated to routine highway maintenance.
- (4) 3% dedicated to highway safety.
- (5) 6% dedicated to multimodal projects.
- (6) 6% dedicated to local government assistance projects.

Proposed law requires the 50% dedicated to capacity projects to be allocated as follows:

- (1) Not less than 85% for construction of Priority A and B mega-projects.
- (2) Not more than 15% on other capacity projects.

Proposed law requires the 27% dedicated to preservation projects to be allocated as follows:

- (1) 55% for bridge preservation and interstate pavement preservation projects.
- (2) 45% for non-interstate pavement preservation projects, the proceeds of which shall be divided between each legislative district at the rate of \$500 per lane mile within the district to be used for Highway Priority Programs for the district as determined by the legislator for that district. The proceeds may be redirected if the need for non-interstate pavement preservation projects have been satisfied.

Proposed law prohibits any recipient from using the avails of the tax levied in proposed law for the payment of employee wages and related benefits or employee retirement benefits.

Proposed law requires the Dept. of Transportation and Development annually provide the legislature and public a list of projects to be constructed within the Highway Priority Program in the ensuing fiscal year in an order of priority that is determined after projects are analyzed and prioritized in accordance with present law and requires the department prepare a report that outlines the progress of projects funded by the avails generated by proposed law.

Proposed law requires the taxes levied in present law and the additional taxes levied in proposed law to be adjusted every four years by the average change in the previous four years in the Consumer Price Index for All Urban Consumers (CPI-U).

Proposed law prohibits the total increase authorized as a result of the index from being more than 3% per adjustment and prohibits the taxes levied pursuant to proposed law from being less than the total amount of taxes levied in present law and proposed law.

Proposed law prohibits any recipient from using the avails collected as a result of the index for funding the payment of employee wages and related benefits or employee retirement benefits.

Proposed law requires the additional avails collected as a result of the index of the tax levied in present law be used in accordance with the provisions of present law.

Effective on Jan. 1, 2018, if an amendment to Art. VII, Sec. 27 of the Constitution of La. proposing to remove the authority of the legislature to appropriate or dedicate monies from the Transportation Trust Fund to state police for traffic control purposes, and to prohibit the avails of any new taxes levied on gasoline, diesel, and special fuels from being used for operation of the Dept. of Transportation and Development including but not limited to the payment of employee wages, retirement, or any other employee related benefit, and to approve the levy of a new tax on gasoline, diesel, and special fuels is adopted at a statewide election and becomes effective, and if the Acts that originated as House Bill Nos. 119 and 598 of this 2017 R.S. of the Legislature are enacted and become effective, and if HCR No. 4 of this 2017 R.S. of the Legislature is adopted by both houses of the Legislature.

(Adds R.S. 47:818.12.1 and 818.12.2)

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Change the distribution of the proceeds of the tax.
2. Remove specific references to the Dept. of Transportation and Development and administrative and operational costs with respect to the prohibition on uses of the

- proceeds of the tax and any additional tax dollars resulting from the indexing.
3. Remove the provisions of proposed law that terminate the tax if certain conditions are not met.
  4. Change the start date of indexing the taxes from Jan. 1, 2020, to Jan. 1, 2021.
  5. Change the indexing period from annually to every four years using the average CPI-U for the previous four years.
  6. Change the ceiling on the index increase from 13¢ to 3% per adjustment.
  7. Make proposed law effective on Jan. 1, 2018, if an amendment to Art. VII, Sec. 27 of the Constitution of La. proposing to remove the authority of the legislature to appropriate or dedicate monies from the Transportation Trust Fund to state police for traffic control purposes, and to prohibit the avails of any new taxes levied on gasoline, diesel, and special fuels from being used for operation of the Department of Transportation and Development including but not limited to the payment of employee wages, retirement, or any other employee related benefit, and to approve the levy of a new tax on gasoline, diesel, and special fuels is adopted at a statewide election and becomes effective, and if the Acts that originated as House Bill Nos. 119 and 598 of this 2017 R.S. of the Legislature are enacted and become effective, and if HCR No. 4 of this 2017 R.S. of the Legislature is adopted by both houses of the Legislature.