

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



Fiscal Note On: **HB 575** HLS 19RS 859

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 4, 2019	8:49 AM	<b>Author:</b> MAGEE
<b>Dept./Agy.:</b> Louisiana Department of Agriculture and Forestry		<b>Analyst:</b> Willis Brewer
<b>Subject:</b> Requirements for transportation network companies		

TRANSPORTATION RE +\$90,000 GF EX See Note Page 1 of 1  
Establishes requirements for transportation network companies

Proposed law establishes a classification of carriers and provides that a company or driver is not a common carrier, contract carrier, or motor carrier and exempts a driver from having to register the vehicle as a commercial motor vehicle or for hire vehicle; prohibits a person from operating a company without first obtaining a permit from the Department of Transportation and Development (DOTD) and requires DOTD to issue a permit to each applicant that meets provided requirements; provides requirements and procedures for an audit of a company by DOTD and specifies that the audit procedures are to include the right by the department to visually inspect a sample of records; authorizes DOTD to inspect records held by the company that are necessary to investigate and resolve a specific complaint against a driver or the company; authorizes a local governmental subdivision to impose a per-trip fee up to 1% of the gross trip fare for each intrastate prearranged ride, and provides that the local governmental subdivision may impose such a fee by passing an ordinance that imposes the fee on each company; authorizes a local governmental subdivision with an existing ordinance that includes a per-trip fee prior to 3/1/19, and has a company operating within the corporate limits as of 3/1/19, to impose a fee up to or equal to the per-trip fee imposed as of 3/1/19, on each intrastate prearranged ride within the corporate limits of the local governmental subdivision.

<b>EXPENDITURES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$90,000	\$0	\$0	\$0	\$0	<b>\$90,000</b>
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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><u>\$0</u></b>
<b>Annual Total</b>						

<b>REVENUES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	SEE BELOW					
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Proposed law will result in approximately \$90,000 of one-time expenditures (assumed to be SGF) and an indeterminate increase in recurring expenditures by the Department of Transportation and Development (DOTD) from SGR to make the necessary software upgrades and modifications to issue permits to Transportation Network Companies (TNCs), inspect records to investigate and resolve any complaints, and to audit a sample of records for each company that applies for a permit to be a TNC in Louisiana. Based on information from the Office of Technology Service (OTS), DOTD estimates the software upgrades and modifications will cost approximately \$90,000. DOTD cannot use the Transportation Trust Fund (TTF) - Regular to pay for the software costs and may require a SGF or equivalent appropriation to cover these upfront costs.

DOTD anticipates at this time it will be able to use existing resources and staff to absorb these additional duties. However, proposed law requires DOTD to investigate and resolve any complaint against a driver or company and the number of these complaints cannot be determined. To the extent the number of complaints or audits increases significantly beyond the current workload capacity, additional fiscal resources may be required. These fiscal resources are assumed to be from the permit revenue provided for in proposed law and would be designated as SGR; however, if these funds are insufficient, additional SGF or equivalent appropriation authority may be required.

**REVENUE EXPLANATION**

Proposed law will result in an indeterminable increase in SGR revenues for the Department of Transportation and Development (DOTD) from the permitting of Transportation Network Companies (TNCs). Proposed law provides that DOTD shall create a permit process in order for applicants to be allowed to conduct TNC business in Louisiana. DOTD anticipates it will incorporate the best practices of other states that have enacted similar legislation, but at this time the permitting process and permit fee amount are not known. The permit fee will be determined during rule promulgation.

Proposed law may result in an indeterminable increase in Local Funds revenue as a result of a per-trip fee up to 1% of the gross trip fare for each intrastate prearranged ride. The potential revenue will accrue to the local governing authority. The potential gross trip fares are not known; therefore, the potential revenue impact is indeterminate. Proposed law authorizes any local governmental subdivision that has enacted a company ordinance prior to 3/1/2019 that includes a per-trip fee to impose this per-trip fee amount at the 3/1/2019 amount even if is more than 1%. Currently, transportation network companies (TNC) are required to acquire local government permits at costs of between \$250 and \$15,000. However, proposed law does not provide for these municipalities/local governmental subdivisions to charge these TNCs an annual permit fee. Therefore, municipalities that have enacted ordinances as of 3/1/19 will retain the per-trip tax, but will no longer receive the permit amount. Supplanting existing permitting activities will likely have a nominal negative impact on certain large municipalities, while creating a potential new source of LF revenue collections from per-trip fees in some areas of the state where TNCs are currently not regulated by municipal ordinance. The amount of such revenues is indeterminable and will depend on the specifics of locally adopted ordinances and the level of prearranged rides that will be regulated in each locale.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" 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}

*Evan Brasseaux*  
**Evan Brasseaux**  
**Staff Director**