



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **SB 1** SLS 21RS 27
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 17, 2021 3:30 PM **Author:** PEACOCK
Dept./Agy.: Revenue **Analyst:** Benjamin Vincent
Subject: TTF Dedication Phase-in: R.S. 321.1 Levy

TAX/SALES OR -\$378,000,000 GF RV See Note Page 1 of 1
 Phases in the dedication of the temporary state sales tax levy to the Transportation Trust Fund. (8/1/21)

Current law provides that R.S. 47:321.1 levies a state sales tax of 0.45% through June 30, 2025, at which time the levy will expire. The avails of this levy accrue to the general fund.

Proposed law phases in a dedication of the avails of R.S. 47:321.1 to the Transportation Trust Fund, beginning in FY23. Proposed law dedicates 20/45^{ths} of the levy in FY23, 35/45^{ths} in FY24, and the entire levy in FY25. Proposed law requires the monies deposited to be appropriated solely for the direct costs associated with actual project delivery, construction, and maintenance of roads and bridges in the highway system.

Effective August 1, 2021.

EXPENDITURES	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$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

REVENUES	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	(\$168,000,000)	(\$294,000,000)	(\$378,000,000)	\$0	(\$840,000,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$168,000,000	\$294,000,000	\$378,000,000	\$0	\$840,000,000
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

A minor LDR expenditure of approximately \$26,000 annually is anticipated in FY22-25 for programming and system development costs, and the calculation and diversion of the monies to be dedicated.

REVENUE EXPLANATION

Proposed law provides that an increasing portion of the 0.45% levy in R.S. 47:321.1 will be dedicated to the Transportation Trust Fund (TTF) beginning in FY23.

At the time of this analysis, the most current and comprehensive data available for estimating the revenue strictly attributed to this levy is Revenue Estimating Conference (REC) actual collections data for FY19 and FY20, Tax Exemption Budget data for FY19, and REC projections for FY22-25.

The estimated revenue impact of the levy when fully phased in is a transfer of approximately \$378 million away from the general fund and into the TTF. Of this amount, approximately \$330 million is general sales tax, and approximately \$48 million is motor vehicle sales tax. (Note that these estimates will be sensitive to any updated REC sales tax projections.)

The portion of the levy that is dedicated begins at 44.44% in FY23 and increases to 77.77% in FY24, and then to 100% in FY25. Under current law, the levy expires at the end of FY25, and the associated TTF dedication will terminate at that time. There would be no impact in any following year.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Gregory V. Albrecht
 Chief Economist