



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 528** HLS 25RS 648
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 14, 2025	8:14 PM	Author: BOURRIAQUE
Dept./Agy.: Department of Transportation and Development/Governor		Analyst: Kimberly Fruge
Subject: DOTD Reform		

TRANSPORTATION DEPT OR INCREASE GF EX See Note Page 1 of 2

Reforms the organizational structure for the Department of Transportation and Development including its duties, powers, and responsibilities of officers and employees

Proposed law adds the Louisiana Highway Construction Authority to the list of agencies in the Executive Branch; creates the Office of Transformation and the Office of Project Management, removes the Office of Planning; provides that the House and Senate Committees on Transportation, Highways, and Public Works meet jointly to vote and approve the transfer of any function or duty of the department to the Louisiana Highway Construction Authority; allows the secretary to eliminate positions deemed unnecessary in fulfilling the goals of the Office of Transformation and transfer any departmental function to the Louisiana Highway Construction Authority; prohibits using the Transportation Trust Fund (TTF) for employee salaries and related benefits; requires the undersecretary ensure that no direct or indirect costs associated with construction are included in the operating budget; and provides that the assistant secretary and the unclassified direct reports under his direction shall maximize privatization of services.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW					
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						
REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will result in a significant increase in SGF and potential significant increases in Statutory Dedications out of the Transportation Trust Fund - Regular (TTF-R) expenditures within the Department of Transportation and Development (DOTD). Proposed law prohibits using the Transportation Trust Fund for employee salaries and benefits; requires the undersecretary to ensure that no direct or indirect costs associated with construction are included in the operating budget; creates the Office of Transformation and requires the office to plan and execute the transfer of any function or associated contracts of the department to the Louisiana Highway Construction Authority; requires the department to maximize the privatization of services and functions. Many potential cost impacts are speculative and dependent on the execution of plans that are not finalized.

TTF - Outsourcing and Privatization of Projects

Under proposed law, DOTD would be required to maximize the privatization of services and functions. Many studies indicate that certain in-house services tend to be cheaper than third-party consultants, including an independent review of DOTD prepared by the Boston Consulting Group which indicates increased outsourcing may lead to higher costs for the department. Any potential increase in expenditures out of the Transportation Trust Fund is indeterminable at this time.

State General Fund - Personal Services

DOTD will require a recurring funding source to offset its inability to utilize the TTF or Construction Subfund for employee expenses. For the purpose of this fiscal note, those expenditures are assumed to be SGF. For illustrative purposes, the FY 26 executive budget recommends approximately \$437.9 M for personnel services. The LFO anticipates that, under proposed law, the department will shift to utilizing third-party contracts rather than employees, which would lead to a significant reduction in costs for personal services. Any such decrease will depend on the number and type of employees eliminated and is indeterminable at this time.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

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

Senate
 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}

Patrice Thomas
 Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

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Note: The LFO assumes the restriction of TTF for ongoing personnel services costs would facilitate an equal increase of non-personnel services and capital outlay expenditures out of the TTF. This does not allow the draw down of additional federal match monies, as DOTD already matches its full allotment.

Transfers to the Louisiana Highway Construction Authority

Proposed law allows for the transfer of various DOTD functions to the Louisiana Highway Construction Authority. The LFO anticipates that expenditures associated with these functions will be transferred to the Authority as well. To the extent cost savings or efficiencies are identified while transferring functions, there may be a reduction in expenditures.

Note: The LFO is awaiting a response from the Department of Transportation and Development to corroborate the information contained in this fiscal note. Should that information materially change the analysis, this fiscal note will be updated to reflect the new information.

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}


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Deputy Fiscal Officer