

LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 528** HLS 25RS 648
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: April 29, 2025	8:16 AM	Author: BOURRIAQUE
Dept./Agy.: Department of Transportation and Development/Governor		
Subject: DOTD Reform		Analyst: Kimberly Fruge

TRANSPORTATION DEPTRE INCREASE GF EX See NotePage 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 Office of Louisiana Highway Construction under the Division of Administration to the list of agencies in the Executive Branch; creates the Office of Transformation and the Office of Project Delivery, removes the Office of Planning and the Office of Engineering; allows the secretary to eliminate positions deemed unnecessary in fulfilling the goals of the Office of Transformation and transfer any departmental function to the Office of Louisiana Highway Construction; prohibits using the Transportation Trust Fund (TTF) for employee salaries and related benefits beginning July 1, 2026; requires the undersecretary ensure that no direct or indirect costs associated with construction are included in the operating budget; provides that the assistant secretary shall maximize privatization of services; mandates the office of transformation enact 2025 Regular Session reforms, including establishing a central data management program; requires the department develop an interactive online system to monitor project status statewide.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	INCREASE	INCREASE	INCREASE	INCREASE	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	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 starting in FY 27 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 including past and present beginning July 1, 2026; 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 Office of Louisiana Highway Construction; 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.

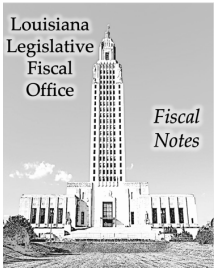
DOTD would also be responsible for developing and managing an online system to monitor the status of projects, implement a data asset management process, and reform the access permit process. This will result in an indeterminable, but likely significant, one-time increase in expenditures, assumed here to be TTF or SGF.

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	Dual Referral Rules	House	
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" 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}	<div>Patrice ThomasDeputy Fiscal Officer</div>



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CONTINUED EXPLANATION from page one: Page 2 of 2

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.

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 Office of Louisiana Highway Construction under the Division of Administration. 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}


Patrice Thomas
Deputy Fiscal Officer