



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 556** HLS 25RS 649
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action: **w/ SEN COMM AMD**
Proposed Amd.:
Sub. Bill For.:

Date: June 8, 2025	12:54 PM	Author: BOURRIAQUE
Dept./Agy.: Department of Transportation Development		
Subject: Shifts to consulting/limits use of TTF/data management		Analyst: Kimberly Fruge

TRANSPORTATION RE1 INCREASE SD EX See Note Page 1 of 1
Reforms operations for the Louisiana Department of Transportation and Development

Proposed law requires the department to develop an interactive online system to monitor project status statewide; transfers the authority of the State Highway Improvement Fund to the Office of Louisiana Highway Construction and grants it exclusive authority over agreements with local governments for non-federal-aid routes; reduces warranty duration from three years to one year; and requires the department maximize highway maintenance through third-party contracts.

EXPENDITURES	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	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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 may result in a potentially significant increase in Statutory Dedications out of the Transportation Trust Fund - Regular (TTF-R) expenditures within the Department of Transportation and Development (DOTD). Proposed law requires the department to maximize highway maintenance through third-party contracts, reduces the warranty period provided by contractors, and shifts the authority of the State Highway Improvement Fund to the Office of Louisiana Highway Construction. Many potential cost impacts are speculative and dependent on the execution of plans that are not finalized.

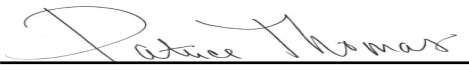
Under proposed law, DOTD would be required to maximize the privatization of the maintenance of the state highway system. Many studies indicate that certain in-house services tend to be cheaper than third-party consultants, including an independent review of DOTD prepared by the Boston Consulting Group,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

In addition, proposed law reduces the length of the warranty provided by the contractor as to the quality of materials and workmanship from three years to one year. This requires the department to cover the costs of any work that arises after one year that would typically be covered by the warranty. The magnitude of such an increase in costs is indeterminable at this time.

Proposed law shifts the authority of the State Highway Improvement Fund, its indebtedness, and all non-federal aid routes within Louisiana to the Office of Louisiana Highway Construction. The LFO assumes any expenditures associated with the State Highway Improvement Fund will shift from DOTD to the authority.

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 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}	
			Patrice Thomas Deputy Fiscal Officer