



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 573** SLS 14RS 1460
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: April 22, 2014	1:42 PM	Author: CHABERT
Dept./Agy.: DOTD/LED		
Subject: Creates the Office of Multimodal Commerce		Analyst: Charley Rome

PUBLIC TRANSPORTATIONEG INCREASE GF EX See NotePage 1 of 2

Creates the office of multimodal commerce in the Department of Economic Development and transfers powers, duties, and responsibilities with respect to multimodal commerce and corresponding department employees, equipment, facilities, The proposed legislation creates the Office of Multimodal Commerce within the Department of Economic Development beginning on January 1, 2016. The bill creates the Office of Multimodal Commerce under the immediate supervision and direction of the Commissioner of Multimodal Commerce appointed by the Governor with consent of the Senate. The commissioner is authorized to employ, appoint, remove, assign, and promote such personnel as is necessary for the efficient administration required in performing those responsibilities. The secretary and deputy secretary of the department have no authority to exercise, review, administer, or implement the powers, duties, functions, and responsibilities provided or authorized for the office pursuant to the proposed law. However, the undersecretary of DED shall, under the supervision and control of the secretary, perform and administer those functions of the office which he is required to perform and administer to the extent provided for in present law. **(Bill Summary Continued on Page Two)**

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$0	INCREASE	INCREASE	INCREASE	INCREASE	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0					\$0

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	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
The proposed legislation will increase state general fund expenditures by indeterminable amounts in FY16 and thereafter. The bill’s costs will depend on the following factors: 1) Use of statutorily dedicated funds from the Transportation Trust Fund (Regular) to fund staff and operations of the Office of Multimodal Commerce within the Department of Economic Development. 2) Management and administrative costs associated with the Office of Multimodal Commerce, including salary and related benefits for the Commissioner of Multimodal Commerce created by the bill. 3) Costs DOTD might incur for employees, equipment, and facilities for engineering and construction of projects and permitting upon the request of the office of multimodal commerce. 4) Moving costs if current DOTD employees are moved to a new location per the bill. 5) Rent/reimbursement for office space for employees of the Office of Multimodal Commerce.

DOTD will transfer 35 staff and associated funding to the Office of Multimodal Commerce. The staff and funding impact the operational and capital outlay budgets. Specifically, DOTD currently allocates \$21.4M in operating funds supporting multimodal functions from the following sources: \$17.6M Federal funds from the Federal Transportation Authority (FTA), \$1.6M from the Transportation Trust Fund (TTF) - Regular, \$1.3M from the Aviation Fuel Tax, and \$0.9M from various sources. Capital outlay funding supporting multimodal funding functions includes \$28.5M in TTF for the Aviation program from the Aviation Fuel Tax and \$19.7M from TTF for the Port Priority Program. DOTD assumes that these 35 staff and associated operational and capital outlay funding will transfer to the new office, excluding \$1.6M from the TTF for program operational costs. DOTD reports that use of the \$1.6M for multimodal operational expenses from TTF is not legally allowable because the costs for multimodal operations are fully integrated into all aspects of the department’s statewide infrastructure and ten year strategic transportation plan. The department suggests that usage of TTF outside of the transportation plan for multimodal purposes is disallowed under the Constitution. If these TTF revenues cannot be utilized, the costs of this activity may require an offset of an additional \$1.6M SGF and result in an equal amount of TTF released for other uses by DOTD. However, this fiscal note assumes that the Legislature will appropriate \$1.6M from TTF-Regular to fund operations of the newly created Office of Multimodal Commerce. **(Expenditure Explanation Continued on Page Two)**

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

SenateDual Referral RulesHouse

☒ 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

☒ 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

☐ 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}

☐ 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
Legislative Fiscal Officer



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CONTINUED EXPLANATION from page one: Page 2 of 2

(Bill Summary Continued from Page One)

Proposed law requires the transfer to the Office of Multimodal Commerce, effective January 1, 2016, the powers, duties, responsibilities and corresponding department employees, equipment, facilities, and funding of the Department of Transportation and Development [DOTD] with respect to the function of administering, managing, providing for, planning, and facilitating multimodal transportation, aviation, railroads, public mass transit, public transportation, and water transportation systems, and related statutory entities made a part of such department [hereafter called "multimodal functions"]. However, in order to avoid duplication and extra expense to government, and in order to efficiently use existing expertise: (1) Employees, equipment, and facilities of DOTD which are concerned with engineering and construction of projects, permitting, or the funding necessary for costs related to such employees, equipment, and facilities, as determined by the Multimodal Commerce Transition Commission and its approved plan (see below) are not transferred, but the commission's approved transition plan must require DOTD to provide the services and expertise of such employees, equipment, and facilities upon the request of the office of multimodal commerce at no additional cost to such office. (2) The initial level of funding for the employees, equipment, facilities, and funding transferred, and for the administration thereof, must not exceed an amount equal to the percentage that such funding bears to the total funding of DOTD in the fiscal year prior to the transfer. (3) Any powers, duties, responsibilities and corresponding department employees, equipment, facilities, and funding of DOTD with respect to federal programs on rail safety and the administration of federal rail safety and hazard mitigation funds and the like must remain with DOTD. Proposed law requires the "multimodal functions" and employees, equipment, facilities, and funding to be allocated among the following divisions that must be provided for by law in the office: (1) Commercial Road Transportation. (2) Public Transit. (3) Ports and Harbors. (4) Aviation. (5) Rail. (6) Maritime Industry and Waterways. (7) Offshore Terminal Authority. Proposed law establishes The Multimodal Commerce Transition Commission within the office of the governor and describes the commission's membership. Proposed law requires the transition plan to be presented to the Senate Committee on Commerce, Consumer Protection, and International Affairs and the House Committee on Commerce for their review, amendment, and approval prior to the 2015 Regular Session. Effective upon governor's signature.

(Expenditure Explanation Continued from Page One)

The 35 DOTD staff targeted for transfer to the new office include some management, supervisory, and administrative personnel. However, the staff and funding identified by DOTD do not include all the department's administrative costs associated with these staff and functions. Proposed amendments to the bill require that DOTD transfer administrative funding with the operational and capital staff and funding. There is no way to estimate the administrative funding DOTD might transfer, or potential DOTD operational impacts from such transfers. LED estimated an annual salary of \$160,000 for the Commissioner of the new office and \$52,800 in related benefits beginning in FY15. Furthermore, LED estimated needing the following eight Special Project Officers to provide support for the new office at the following salaries/related benefits funded with SGF beginning half way through FY16: legal (\$90,000 salary, \$30,000 related benefits), governmental affairs (\$80,000 salary, \$26,400 related benefits), federal monitoring/compliance (\$80,000 salary, \$26,400 related benefits), marketing (\$80,000 salary, \$26,400 related benefits), audit (\$75,000 salary, \$24,750 related benefits), human resources (\$75,000 salary, \$24,750 related benefits), and two fiscal staff (\$60,000 salary, \$19,800 related benefits). LED did not base the number of staff needed on any particular staffing study or metric. Furthermore, staff transferred from DOTD will include some management/administrative staff and the bill requires DOTD to transfer funding associated with administrative functions. To the extent that LED handles support services for the Office of Multimodal Commerce, administrative costs to LED will increase. As such, there is no way to estimate the potential LED staffing needs or costs to support the new office at this time.

There is no way to estimate costs that DOTD might incur for employees, equipment, and facilities for engineering and construction of projects and permitting upon the request of the office of multimodal commerce. Costs will be minimal if requests and procedures are similar to such activities undertaken by intermodal functions at DOTD currently. However, DOTD could face significant costs if the new office significantly changes or expands requests to DOTD for employee services, equipment, facilities, etc. There will be no moving costs associated with the proposed legislation if the current DOTD multimodal employees remain housed at DOTD. However, LED estimated a cost of \$200,000 in FY16 to move DOTD employees to LED offices if the employees are moved. There could be additional rent/reimbursement for the Office of Multimodal Commerce if their employees remain housed at DOTD because DOTD may charge for office space for these employees. LED did not include any estimated costs to house the employees at LED offices. However, LED may incur costs to configure office space for the new employees.