

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 346** HLS 17RS 841
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 28, 2017 2:03 PM	Author: HENRY
Dept./Agy.: Transportation and Development/State Police	Analyst: Alan M. Boxberger
Subject: Remove state police from TTF and limit other appropriations	

TAX/GASOLINE TAX OR SEE FISC NOTE SD EX Page 1 of 2

(Constitutional Amendment) Prohibits Transportation Trust Fund monies from being used by state police for traffic control purposes and limits annual appropriations to other transportation programs

Present constitution authorizes monies in the Transportation Trust Fund to be appropriated or dedicated for costs for and associated with construction and maintenance of roads and bridges in the state and federal highway systems, the Statewide Flood-Control Program, ports, airports, transit, State Police for traffic control purposes and the Parish Transportation Fund. Proposed constitutional amendment removes the authority to appropriate or dedicate monies in the Transportation Trust Fund to state police for traffic control purposes. Proposed constitutional amendment limits the annual appropriation of monies from the TTF to the Parish Transportation Fund, the Statewide Flood-Control Program, ports and transit to no more than the annual estimated revenue derived from state taxes collected and received from fuel sales directly attributable to each of those programs. Specifies submission of the proposed constitutional amendment to the voters at the statewide election to be held on October 14, 2017.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW					
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>	<u>\$0</u>
Annual Total						

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW					
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>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

Proposed constitutional amendment removes provisions allowing a portion of monies deposited into the Transportation Trust Fund (TTF) to be appropriated to the Office of State Police (OSP) for traffic control purposes. Under the present constitution, the monies in the TTF shall be appropriated or dedicated solely and exclusively for the costs for and associated with construction and maintenance of the roads and bridges of the state and federal highway systems, the Statewide Flood-Control Program, ports, airports, transit, state police for traffic control purposes, and the Parish Transportation Fund . . ." Present constitution further provides that state generated tax monies (from the TTF) appropriated for ports, Parish Transportation Fund, Statewide Flood-Control Program and state police for traffic control purposes shall not exceed 20% annually of the state generated tax revenues in the trust fund. Proposed constitutional amendment may result in a redistribution of the allocation of TTF among the remaining eligible uses of the fund as noted for in present constitution above, or to be used by the department for the operations, maintenance and construction of the state transportation system.

For informational purposes, the amount of TTF expended and/or appropriated to OSP over the past five fiscal years was: \$45.9 M in FY 13, \$68.9 M in FY 14, \$62.4 M in FY 15, \$43.2 M in FY 16 and \$0 in FY 17. There is no appropriation from the TTF to OSP as currently reflected in House Bill 1 Original. To that extent, proposed constitutional amendment has no immediate fiscal impact. However, approval of the constitutional amendment will restrict flexibility for the executive and legislative branches in future fiscal years.

Proposed constitutional amendment also limits the annual appropriation of monies from the TTF to the Parish Transportation Fund, the Statewide Flood-Control Program, ports, and transit to no more than the annual estimated revenue derived from state taxes collected and received from fuel sales directly attributable to each of those programs (**see implementation issues on page 2**).

For informational purposes, the amount appropriated from the TTF to these programs over the past five years was:

	Parish Transportation Fund	Statewide Flood Control	Port Priority Program	Transit
FY 2017	\$46.4 M	\$9.9 M	\$39.4 M	\$0
FY 2016	\$46.4 M	\$8.9 M	\$19.7 M	\$0
FY 2015	\$46.4 M	\$8.9 M	\$19.7 M	\$0
FY 2014	\$43.4 M	\$8.9 M	\$16.1 M	\$0
FY 2013	\$46.4 M	\$9.9 M	\$19.7 M	\$0

Expenditure Explanation Continued on Page 2

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure, although proposed constitutional amendment would redirect and in some cases restrict allowable uses of a portion of the Transportation Trust Fund for certain expenditures.

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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CONTINUED EXPLANATION from page one:

Expenditure Explanation Continued from Page 1

Implementation Issues:

Motor Fuel Tax Collections

Gasoline, motor and special fuel taxes are not collected at the point of consumer purchase or distribution, but rather they are collected at "the rack," wherein a distributor takes possession of the product at a bulk storage terminal. Currently, there is no reliable means to assess the volume of gasoline purchased in or distributed by location, or to assess to volume of fuel purchased by and for any given mode of conveyance. The LFO assumes that the proposed law would result in the need to create additional reporting mechanisms that do not currently exist. The Department of Revenue reports that taxes collected at the bulk storage terminal are remitted to the state without regard to their eventual destination and no record is kept of such. Additionally, if records were taken at the terminal regarding its planned delivery location, individual trucks can be diverted en route to alternate retail sites in a different site from that originally planned. There is no existing means for this information to be transmitted back to the terminal, or for the taxes to be assigned or reassigned to any particular parish or usage. It is not clear whether the cost for creating a system to provide accurate reporting of fuels taxes by end-user distribution would be borne by the state or by distributors. The LFO assumes this would create at least a nominal, and possibly significant, expenditure of SGF on a one-time basis with the potential to create some on-going indeterminable SGF maintenance and data collection cost for the Department of Revenue.

Alternatively, it may be possible that the state could rely on estimates provided by a consultant or academic institution that approximates the volume of taxes that should be distributed to each of the allowable programs. However, this approach would also create an expenditure impact and it is not clear which agency would be responsible for initiating such data estimate or the frequency in which it would be updated.

Statewide Flood Control

The LFO is unable to contemplate a means to estimate fuel sales directly attributable to the Statewide Flood Control Program and assumes that proposed constitutional amendment would either eliminate or severely curtail future TTF allocations to that purpose.

Parish Transportation Fund - Distribution Under Current Law

The LFO is uncertain by what means an allocation would be derived for the Parish Transportation Program under proposed law in order to distribute funds based on estimated fuel sales directly attributable to the Program. A new formula attempting to delineate motor fuel tax collections by parish would be necessary (see Motor Fuel Tax Collections issue above) to determine parish distributions. Estimates of fuel consumption by mass transit vehicles in qualifying municipalities would be required and to the degree that fuel sales directly attributable to the Mass Transit Program fall short of current distributions that Program would realize diminished TTF allocations. The LFO assumes the proposed constitutional amendment would either eliminate or severely curtail future TTF allocations to the Off-system Roads and Bridges appropriation as that Program does not directly produce fuel tax collections, or if funding distributions were attributed to fuel tax collection ratios by each parish rather than by project priorities and requirements the resulting distribution may be diluted and less effectual.

Exclusive of the amounts appropriated to the Mass Transit Program and the Off-System Roads and Bridges Program, monies from the Parish Transportation Fund are currently disbursed on a per capita basis in population categories (classes), based on the population of a parish as determined by the latest federal decennial census or by the Louisiana State University and Agricultural and Mechanical College Agriculture Center, Department of Agricultural Economics and Agribusiness, under the most recent federal-state cooperative program for local population estimates, whichever is more recent. Except for funds withheld for misuse under R.S. 48:761, no parish shall receive an amount of funds for a fiscal year that is less than it received in the Fiscal Year 1972-1973. If funds are available and if the legislature appropriates an amount to the Parish Transportation Fund in an amount greater than it appropriated in the 1994-1995 fiscal year (exceeding \$34.0 M), the excess funds shall be distributed to the parishes on a per mile basis, with the total number of miles of parish roads determined by the DOTD for the year 1990. In the current HB 1 allocation, parishes will receive \$34.0 M distributed on a per capita basis and \$4.445 M distributed on a per mile basis, for a total of \$38.445 M.

The Mass Transit appropriation (\$4.955 M for FY 18) provides funding to the eligible cities or parishes with mass transit systems. Cities and parishes receiving such aid include the following: Alexandria, Baton Rouge, Lafayette, Lake Charles, Monroe, New Orleans, Jefferson Parish, Kenner, St. Bernard Parish, Shreveport, St. Tammany Parish, and Houma. Additionally the state Department of Transportation and Development - Public Transit Division receives funding from this source to provide local match money for the purchase of transit buses.

The Local Match for Off-system Roads and Bridges appropriation (\$3.0 M for FY 18) provides funding to match federal aid for off-system railroad crossings and bridges.

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