

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 527** HLS 17RS 848

Bill Text Version: **RE-REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 19, 2017 2:58 PM	Author: HAVARD
Dept./Agy.: Agriculture and Forestry	Analyst: Alan M. Boxberger
Subject: Requirements for Transportation Network Companies	

TRANSPORTATION RR INCREASE SG EX See Note Page 1 of 2
Establishes safety, reliability, and access requirements for Transportation Network Companies

Proposed law provides for requirements of Transportation Network Companies (TNC) in Louisiana; provides for definitions; provides for permitting; provides for disclosure and reporting requirements; provides for general operating requirements; provides with respect to TNC drivers and requirements and restrictions thereof; provides for TNC policy requirements; provides for a TNC fee to be assessed and collected by the La Department of Agriculture and Forestry (LDAF); provides for distribution of proceeds collected from the TNC fee; provides for records privacy; provides for LDAF oversight powers and responsibilities; prohibits local governmental subdivisions, special districts, airport authorities, port authorities or other local governmental entities or political subdivisions from imposing a tax on or requiring licensure related to operations and employees of TNCs; clarifies that proposed law does not prevent airports from charging reasonable pick-up fees for use of airport facilities and pick-up locations, etc.; and provides for an effective date of July 1, 2017.

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

EXPENDITURE EXPLANATION

Proposed law would result in an indeterminable increase in SGR expenditures for the La Department of Agriculture and Forestry (LDAF) associated with regulatory functions as well as operational costs associated with fee collection and distribution of allocated fee revenues to local governmental entities. Proposed law establishes requirements for Transportation Network Companies (TNC) operating in the state of Louisiana.

LDAF reports that costs associated with software for auditing and compliance will be the responsibility of TNCs. LDAF indicates that it will utilize the current Louisiana Integrated Statewide Information System for distribution of TNC fee collections to local governmental subdivisions and will likely utilize overtime or part-time WAE positions to administer the accounting functions. LDAF anticipates that total regulatory costs appear to not exceed projected revenue to be generated for LDAF. The LFO is unable to corroborate the need for the staff requirements estimated by LDAF. To the extent that LDAF's 5% administrative allocation of the TNC fee is insufficient to cover its implementation and ongoing operating costs, LDAF may require additional budget resources (assumed to be SGF).

Expenditure Explanation Continued on Page 2

REVENUE EXPLANATION

Proposed law will result in an indeterminable increase in SGR revenues for LDAF derived from a 1% TNC fee collected on behalf of a TNC driver for all intrastate prearranged rides. LDAF will retain 5% of total TNC fee collections to cover expenses borne by the department for regulation of TNCs and collection and distribution of the TNC fees. Based on reports provided by TNCs regarding the origination of each ride against which the 1% TNC fee is collected, LDAF will be responsible for distributing the remaining 95% of the TNC fee to local governmental entities tied to the point of each individual ride origination.

Proposed law will result in an indeterminable impact on local funds revenues. In some cases, existing permitting and regulation of TNCs by local municipal ordinance likely generate revenues in excess of that possible under proposed law. Under existing municipal ordinances, TNCs are required to acquire permits at costs of between \$250 and \$15,000 and in some cases remit trip taxes or fees in amounts of \$0.50 to \$1.00 per trip. Supplanting existing permitting activities and assessment fees will likely have a significant negative impact on certain large municipalities while creating a new, indeterminable source of LF revenue collections in some areas of the state where TNCs are currently not regulated by municipal ordinance.

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}

Evan Brasseaux

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Staff Director

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CONTINUED EXPLANATION from page one:

Expenditure Explanation Continued from Page 1

LDAF will be required to transfer 95% of TNC fee collections to the local governmental subdivision where the 1% TNC fee collected from each trip originated. Proposed law requires a TNC to collect the TNC fee on behalf of a TNC driver for all intrastate prearranged rides and to submit total collections to LDAF within 30 days of the end of a calendar quarter. LDAF shall distribute the portion remaining after its 5% administrative allocation to the local governmental subdivision where the trip originated during the reporting period in an amount proportionate to the percentage of gross trip fare that originated in that subdivision. LDAF reports that the TNC fee to be remitted to local governments would be budgeted in schedule 20-941 Agriculture and Forestry – Pass Through Funds of the general appropriations bill (HB 1).

Proposed law preempts existing local ordinances with regard to the regulation of TNCs as well as certain existing taxes, permits and fees established by local governmental authorities statewide. Proposed law would result in an indeterminable impact on local governmental operations and expenditures.

Senate

Dual Referral Rules

House

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

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

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

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

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