



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 313** HLS 19RS 126
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 3, 2019	3:07 PM	Author: WRIGHT
Dept./Agy.: DOTD		
Subject: Limits use of TTF to pay for certain DOTD expenses		Analyst: Alan M. Boxberger

FUNDS/FUNDING EG +\$32,500,000 GF EX See Note Page 1 of 1

Limits monies deposited into the Transportation Trust Fund from being used to pay for certain Dept. of Transportation and Development expenses

Proposed law provides limitations to the use of the Transportation Trust Fund-Regular by DOTD to pay for expenses related to retired and current employees as follows:

- 1) For FY 21 and beyond, DOTD shall not use TTF-Regular to pay for the benefits of retired employees.
- 2) For FY 22 and beyond, DOTD shall not use TTF-Regular to pay for the benefits of current employees.
- 3) For FY 23 and beyond, DOTD shall not use TTF-Regular to pay for more than 50% of the annual salary costs for current employees.
- 4) For FY 24 and beyond, DOTD shall not use TTF-Regular to pay for the annual salary costs for current employees.

Proposed law provides for each of the enumerated limitations that DOTD shall not use monies for the specified purpose unless authorized in a general appropriation bill. Provides for an effective date of July 1, 2019.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$32,500,000	\$180,800,000	\$303,100,000	\$432,600,000	\$949,000,000
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0					\$0

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will result in an increase in SGF expenditures beginning in FY 21 and increasing annually through FY 24 related to a phased prohibition of utilizing the Transportation Trust Fund-Regular (TTF-Regular) to pay for certain department operating expenses, unless authorized in the general appropriation bill (GAB). Should **proposed law** be enacted, DOTD will require a recurring funding source to offset the inability to utilize the TTF-Regular for existing expenses. For purposes of this fiscal note, those expenditures are assumed to be SGF and departmental operations are assumed to remain at current staffing levels. In the event the GAB authorizes the use of TTF-Regular in any given fiscal year, the impacted expenditures would still be paid from the statutory dedication instead of SGF.

The expenditure impact will be comprised of the following considerations:

	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
(1) Post Retirement Benefits	\$32.5 M	\$32.5 M	\$32.5 M	\$32.5 M
(2) Related Benefits (current employees)		\$148.3 M	\$154.2 M	\$160.4M
(3) 50% of Annual Salaries (current employees)			\$116.4 M	
(4) 100% of Annual Salaries (current employees)				\$239.7 M
Total Impact	\$32.5 M	\$180.8 M	\$303.1 M	\$432.6 M

DOTD reported data for FY 21 through FY 24 as follows:

- (1) Post retirement benefits are based on FY 18 figures and not adjusted annually. These figures may increase or decrease as a result of the number of DOTD employees receiving post retirement benefits in any given fiscal year. A large number of employees are retirement eligible or will be within the fiscal note's window, but the impact is indeterminable.
- (2) Related benefits expenditures are based on FY 18 actuals and a 4% annual increase is applied.
- (3) and (4) DOTD reported salaries based on FY 18 actual expenditures but did not reflect annual civil service market rate adjustments. *The LFO has adjusted figures in the table above to assume a 3% growth due to the civil service market rate adjustment between FY 18 and FY 23 in an effort to reflect the maximum potential expenditure exposure.*

The LFO assumes the restriction of TTF-Regular for ongoing personal services costs would facilitate an equal increase of non-personal services and capital outlay expenditures out of the TTF-Regular. This does not allow the draw down of additional federal match monies, as DOTD already matches its full allotment. However, DOTD projects being unable to meet its full match requirement at some time in the next few fiscal years and proposed law may delay the inability to match the full federal allotment indefinitely.

REVENUE EXPLANATION

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

Senate
 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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