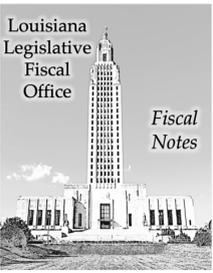


LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 492** SLS 24RS 1406

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|---|---------|--------------------------------|
| Date: April 29, 2024 | 8:08 AM | Author: FESI |
| Dept./Agy.: Department of Transportation and Development | | Analyst: Deborah Vivien |
| Subject: Reduces LA1 tolls for certain vehicles | | |

FEES/LICENSES/PERMITS RE DECREASE GF RV See Note
Provides relative to the Leeville Bridge toll fee. (8/1/24)

Page 1 of 2

Current law authorizes the Louisiana Transportation Authority (LTA) to impose tolls on the Leeville Bridge, also known as LA1 tolls. The adopted toll schedule includes three classes of vehicles, primarily delineated by length, which includes anything being towed, with graduated tolls as the vehicle length increases.

Proposed law direct LTA to adjust LA1 tolls by classifying vehicles that are towing recreational vessels as Class 2 vehicles (length between 20 and 35 feet), regardless of the actual length of the vessel being towed. The bill would reduce tolls by half from \$21 to \$10.50 on vehicle lengths which are greater than 35 feet, including the towed vessel. Recreational vessels are defined in the bill as vessels used primarily for pleasure or leased, rented or chartered to a person for personal use. The definition excludes vessels engaged in commercial use or that carry paying passengers.

| EXPENDITURES | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 5 -YEAR TOTAL |
|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| State Gen. Fd. | SEE BELOW | |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$161,025 | \$15,027 | \$15,826 | \$16,617 | \$17,448 | \$225,943 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | | | | | | |
| REVENUES | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 5 -YEAR TOTAL |
| State Gen. Fd. | (\$60,000) | (\$60,000) | (\$60,000) | (\$60,000) | (\$60,000) | (\$300,000) |
| 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 | (\$60,000) | (\$60,000) | (\$60,000) | (\$60,000) | (\$60,000) | (\$300,000) |

EXPENDITURE EXPLANATION

According to DOTD, the initial costs of adjusting and operating the toll system to accommodate the changes in the bill are estimated at \$146,670 with annual operating costs of \$14,355 that are expected to grow by 5% annually. These costs will be paid from the Transportation Trust Fund.

The state may face expenses and an uncertain timeline in order to adjust the tolls according to the bill, including possibly hiring a toll road consultant to prove revenue neutrality and obtaining approval of a toll schedule change through the TIFIA program.

The state is required to pay the debt service on the LA1 toll bonds while actual toll collections are deposited as a partial reimbursement (see Revenue Explanation). Any reduction in tolls will lower the reimbursement to the state increasing the net cost. However, the expenditures are built into the base budget of the state and are not expected to change due to this bill. It is not clear if this practice will satisfy revenue neutrality after a toll changed.*

REVENUE EXPLANATION

According to DOTD, the bill will reduce toll revenue by an estimated \$56,574 in FY 25, expected to grow by 5% annually (rounded to \$60,000 in the table). The figures are based on 104,931 average monthly vehicles paying tolls between May-August of 2019 for 3 axle vehicles (the old system classification most likely impacted by the bill), which garnered toll revenue of \$2.2M. Of the 104,931 vehicles, 19% were Class 3 and 2.25% were pulling boats, leaving an anticipated 449 vehicles with a toll that is \$10.50 less under the bill, should traffic patterns hold. To the extent that vehicles towing recreational vessels in excess of 35 feet pay lower tolls on the Leeville Bridge, state general fund revenue will decrease by the amount of the toll reduction. However, should lowering of the toll draw additional traffic, an offsetting impact could occur. Local vehicles are exempt from tolls.

The state pays the debt service on the TIFIA bonds, and actual toll collections are deposited to the state general fund as a partial reimbursement. On net, the state provides about \$2.3M annually toward toll bond obligations. Any adjustment to the toll revenue will impact the amount that is reimbursed to the state, which will cause a corresponding decrease in available SGF revenue, which appears as a component of Bond Reimbursements on the SGF portion of the Revenue Estimating Conference report.

CONTINUED ON PAGE 2

| | | |
|--|----------------------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <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} |

Alan M. Boxberger
Legislative Fiscal Officer

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CONTINUED EXPLANATION from page one:

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* TIFIA bond covenants state that a toll schedule approved by LTA is a binding component of the bond covenants with specific direction for altering the toll schedule: "...Such toll schedule shall not be amended, revised or modified without the prior written consent of the Owners of the TIFIA Bonds..." An exception is made if a written certification by a toll road consultant that the new schedule satisfies certain requirements, namely that projected revenues will not be reduced, to be based solely on historical traffic transactions and characteristics.

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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