

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 500** SLS 14RS 258

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 9, 2014 9:12 AM	<b>Author:</b> HEITMEIER
<b>Dept./Agy.:</b> State Treasury, DOTD, Revenue, Attorney General	<b>Analyst:</b> Alan M. Boxberger
<b>Subject:</b> Refund of certain collections in the CCC Amnesty Program	

ROADS/HIGHWAYS

RE INCREASE SD EX See Note

Page 1 of 2

Provides for refund of certain collections in the amnesty program for the Crescent City Connection Bridge. (gov sig)

Proposed law provides that any person that availed themselves of the toll violation amnesty program as provided in R.S. 47:7019.1 and made payment for a toll violation to DOTD during the amnesty period, shall be entitled to a refund of any such payments under either of the following circumstances: 1) such person possessed a valid toll tag and payment account, but due to no fault of his own, the payment account was not accessed for payment, 2) such person did not possess a valid toll tag and made payment for less than five toll violations. Proposed law requires the La Department of the Treasury (DoT) to establish a refund program, to begin the program no later than 10/1/14 and to terminate the program on 12/31/15, and to adequately publicize the program. Proposed law provides that DoT shall have no obligation after 12/31/15 to refund collected monies. Proposed law provides for refund payments to be made from the Crescent City Transition Fund from the monies appropriated to DoT and restricts usage of the fund until program termination. Proposed law terminates on 1/1/16.

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

  

<b>REVENUES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

Proposed law may result in an indeterminable, but potentially significant, expenditure of Statutory Dedications - Crescent City Transition (CCT) Fund and SGR operating funds of the La Department of the Treasury (DoT). Proposed law may result in an indeterminable but likely insignificant increase in SGR expenditures by the Attorney General (AG), Department of Revenue (DoR) and Office of Debt Recovery (ODR). The maximum expenditure exposure from the Crescent City Transition Fund equals \$128,681 but will likely be less. DoT will also realize an indeterminable but possibly material SGR expenditure exposure associated with analyzing violation payments, advertising, preparing letters, postage and issuing refund payments, if these refunds are administered separately from the existing unclaimed property program in the DoT. DOTD, AG and DoR may realize a modest but indeterminable expenditure increase, that can likely be absorbed within existing resources, associated with segregating the records as indicated in proposed law for transmittal to DoT.

The program under the original version of the bill placed the refund program with DOTD, who estimated the costs could be as much as \$500,000. While costs may not reach this level, the contract staff, computers, and other assets formerly used at the CCCD are no longer in place to process refunds, and will have to be re-established to some degree for the refunds addressed by this bill. **EXPENDITURE EXPLANATION CONTINUED ON PAGE 2**

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure. Proposed law specifies that no action shall be taken to collect a toll violation from any person who possessed a valid toll tag and payment account, but due to no fault of his own, the toll payment account was not accessed for payment. The AG has already determined that toll violations in this category (#1 in the Expenditure Explanation) would not be pursued due to legal and equitable reasons. The AG notified DOTD to cancel these accounts. Therefore, there is no projected impact on governmental revenues.

- |  |                            |       |  |
|--|----------------------------|-------|--|
| Senate   | <u>Dual Referral Rules</u> | House | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} |                            |       | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {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} |

**Gregory V. Albrecht**  
**Chief Economist**

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**CONTINUED EXPLANATION from page one:**

**EXPENDITURE EXPLANATION CONTINUED FROM PAGE 1**

Pursuant to Act 273 of the 2013 Regular Session of the Louisiana Legislature, DOTD established a toll violation amnesty program for all persons alleged to have failed to pay a toll on the Crescent City Connection Bridge prior to January 1, 2013. At that time, outstanding toll violations in this category totaled to \$351,926 and outstanding fines/penalties totaled to \$9.4 M. Anyone availing themselves of the amnesty program during the period of 8/1/13 to 10/1/13 would fulfill all payment obligations by paying the toll violation alone with the fines/penalties being forgiven.

During the amnesty period created by Act 273 of 2013, DOTD collected a net total of \$128,681 out of the \$351,926 that was owed due to toll violations. DOTD retained \$25,778 (20% of collections) to cover a portion of administrative costs and deposited the remaining \$102,903 into the CCT Fund. DOTD estimates the total cost of the amnesty program was \$325,286 to collect and analyze violation data, prepare letters, postage and process payments, resulting in a net loss to the state of \$196,605. DOTD's \$325,286 expenditure was allocated as \$25,778 from the CCT Fund and the balance of \$299,508 was paid from the TTF - Regular.

The outstanding balance of \$223,245 against the original toll violation balance due (\$351,926 outstanding balance due less \$128,681 net collections through the amnesty program), along with associated fines/penalties, were turned over to the Louisiana Attorney General (AG) for debt collection proceedings. On January 15, 2014, the AG notified DOTD that it had segregated the collections accounts into several categories. 1) Accounts representing toll violations assessed to drivers who possessed a valid toll tag with a corresponding payment account but due to technical problems the tag did not read properly and the account was not accessed for payment. The AG indicated that for legal and equitable reasons, it would not pursue payments from these accounts and designated them as uncollectible. 2) Accounts representing toll violations without a valid toll tag. The AG reported that due to the small balance due associated with each violation and due to prior collection efforts by DOTD, that accounts among these violators with less than five violations would also be deemed as uncollectible and forwarded to the ODR to be made part of the state debt inventory and for further debt collection assessments. Approximately 12,500 accounts were identified as in this category as having five or more violations. The AG indicated that it would attempt collections through all available means against these accounts, including possible placement within the ODR. 3) Accounts representing a file with license plate numbers only. Those violations had no corresponding owner name or address. The AG completed a sample analysis of this information in an attempt to identify violators but found the effort to be prohibitive, deemed the accounts as uncollectible and forwarded them to the ODR. 4) Accounts associated with drivers charged with violations but who made full payment under the amnesty program but whose payments were not processed. The AG intended to apply the payments accordingly, close the account and return to DOTD marked paid in full.

In accordance with these actions by the AG, the proposed law seeks to refund toll violation payments made during the amnesty period by individuals that correspond with category 1, and those within category 2 with less than five toll violations. DOTD was unable to provide the LFO with a breakdown of the amounts associated with these two categories within the net collections of \$128,681 within the initial amnesty program. The maximum expenditure exposure from the CCT Fund associated with these two account categories will likely be less than the net collections of \$128,681. DoT will also realize an indeterminable but possibly material SGR expenditure exposure associated with analyzing violation payments, advertising, preparing letters, postage and issuing refund payments if these refunds are administered separately from the existing unclaimed property program in the DoT. DOTD, AG and DoR may realize a modest but indeterminable expenditure increase, that can likely be absorbed within existing resources, associated with segregating the records as indicated in proposed law for transmittal to DoT.

The LFO assumes that the AG, DoR and ODR will pursue debt recovery actions against accounts associated with toll violators that did not participate in the amnesty program created pursuant to Act 273 of 2013, with the exception of those that fit into the AG's account category 1 above.

NOTE: 47:7019.2 C, of proposed law stipulates that any refund payment shall be made from money appropriated to the State Treasury from the CCT Fund. The State Treasury does not currently receive an appropriation from this fund. Additionally, the same paragraph stipulates that refunds must be paid prior to any appropriation to the department for use by the New Orleans Regional Planning Commission. As the program does not end until December 31, 2015, this brings into question whether the NORPC will be able to provide for mowing, litter abatement and other activities along the Crescent City Connection Bridge and associated areas during FY 15 and the first half of FY 16.

- |  |                            |              |  |
|--|----------------------------|--------------|--|
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