

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 582** HLS 15RS 911

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|--|---------|----------------------------|
| Date: April 20, 2015 | 3:57 PM | Author: ADAMS |
| Dept./Agy.: Public Service Commission | | |
| Subject: State Rail Safety Participation Program Fee Collection | | Analyst: Drew Danna |

RAILROADS OR +\$947,575 SD EX See Note Page 1 of 2
Provides for the collection of fees for the Public Service Commission for its participation in the State Rail Safety Participation Program

Proposed law allows the Public Service Commission (PSC) to calculate and assess an annual fee against railroads to implement a rail inspection program as permitted by the Federal Railroad State Safety Participation regulations. The fees are to be collected by the Department of Revenue and placed into the Commission Rail Safety Fund, which is created by this legislation. The fee may not exceed the administration cost of the new program and may be distributed based on gross ton miles of railroad operations in the state.

| EXPENDITURES | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 5 -YEAR TOTAL |
|---------------------|------------------|------------------|------------------|------------------|------------------|----------------------|
| State Gen. Fd. | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$947,575 | \$461,475 | \$468,526 | \$504,708 | \$533,006 | \$2,915,290 |
| 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 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 5 -YEAR TOTAL |
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$947,575 | \$461,475 | \$468,526 | \$504,708 | \$533,006 | \$2,915,290 |
| 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 | \$947,575 | \$461,475 | \$468,526 | \$504,708 | \$533,006 | \$2,915,290 |

EXPENDITURE EXPLANATION

The proposed legislation will result in an increase in statutory dedication expenditures as a result of implementing a railway safety inspection program. The Public Service Commission (PSC) anticipates hiring 5 Inspectors to provide the inspection services required by the proposed legislation. The cost of salaries and related benefits for the 5 positions will be \$375,525 (\$236,581 salary + \$138,944 related benefits) in FY 16. Operating and IAT expenditures total \$50,050 for fuel, rent, office supplies, field travel, e-mail, and telephones. The federal government will provide inspection equipment and computers, but the state must provide 5 vehicles for the inspectors at a cost of \$18,000 per vehicle, accounting for a one-time equipment expenditure of \$90,000 in FY 16. Subsequent fiscal years will require a \$2,500 equipment expenditure for maintenance purposes. Total expenditures for PSC in FY 16 would total \$515,575 (\$375,525 personal + \$35,500 operating expenses + \$14,550 IAT + \$90,000 acquisitions). The expenditures in FY 17 and subsequent FYs would be \$461,475.

Expenditure levels for the Department of Revenue may vary depending upon the number of railroad companies affected by the proposed legislation (based on criteria chosen by the PSC). If only a few companies are affected by the proposed legislation, the department states it will be able to manage the increase manually at a one-time cost of \$20,000. However, to the extent a considerable number of companies are placed into the program, the cost to add accounts to the current tax collection system in FY 16 will total \$432,000. **(Continued on page 2)**

REVENUE EXPLANATION

The proposed legislation will result in an increase in statutory dedicated revenue as a result of assessing an annual fee against railroad companies. Since the proposed fee is calculated based on the cost of implementation, it is expected that statutory dedicated revenue from the fees will approximate the expenditure estimates provided by the PSC each year. The fee will be calculated by the PSC and may be based on gross ton miles in-state for each railroad operating in the state although that has not been determined in the language of the proposed legislation. The proposed legislation creates the Commission Rail Safety Fund that will receive the annual fee.

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

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 582** HLS 15RS 911

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | |
|--|----------------------------|
| Date: April 20, 2015 3:57 PM | Author: ADAMS |
| Dept./Agy.: Public Service Commission | |
| Subject: State Rail Safety Participation Program Fee Collection | Analyst: Drew Danna |

CONTINUED EXPLANATION from page one:
(Continued Expenditure Explanation from page 1)

The expenditures in FY 16 will involve the design, programming, and testing of the new procedures required as well as the creation of a new return form for the Revenue Processing Center (RPC).

The proposed legislation does not specify if the expenses incurred by the department can be covered by the fee. In the case that the expenditures cannot be recouped via the fee, additional resources may be required (assumed State General Fund). The expenses incurred after FY 16 will be absorbed within the existing operating budget.

To the extent that few companies are affected by the bill and records can be maintained manually, the total expenditure in FY 16 is estimated to be \$535,575 (\$515,575 PSC cost + \$20,000 Revenue cost). To the extent that many companies are impacted under the proposed law, a change to the tax collection system currently used will cost a total of \$947,575 (\$515,575 PSC cost + \$432,000 Revenue cost) in FY 16. If the fees for the program do not cover the expenses for the Department of Revenue, state general fund will be needed to cover either the \$20,000 or \$432,000 necessary to complete the changes.

Senate

Dual Referral Rules

House

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

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

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

6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S}

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

Evan Brasseaux

Evan Brasseaux
Staff Director