

Proposed Amendment No. 3

[Act 429 of the 2017 Regular Session of the Louisiana Legislature](#) proposing to amend Article VII, Section 27(B) of the Louisiana Constitution.

“Do you support an amendment that would dedicate any new tax levied on gasoline, diesel, and special fuels into the Construction Subfund, which solely shall be used for project delivery, construction, and maintenance of transportation and capital transit infrastructure projects and not for funding for the payment of employee wages and related benefits or employee retirement benefits?”

Description

Public Affairs Research Council of Louisiana, or PAR, paraphrases this amendment as **“Establish a “Construction Subfund” of the Transportation Trust Fund.”**

A **vote for** the proposed amendment would establish a Construction Subfund within the state’s Transportation Trust Fund to contain any new fuel tax revenue, which could not be used for state employee benefits or wages.

A **vote against** the proposed amendment would continue to allot all revenue from fuel taxes, including any new fuel taxes, into the Transportation Trust Fund.

State gas tax dollars are currently allotted into the Transportation Trust Fund (TTF). Money in the TTF can be used only for the costs associated with construction and maintenance of roads and bridges, flood control, ports, airports, transit, and state police for traffic control purposes. Based on a 1990 Attorney General opinion, TTF funds have been used by the Legislature to fund state transportation department employee salaries and benefits and, at times, the Louisiana State Police.

A proposed increase in the state fuel tax failed in the 2017 Legislative session, due in part to skepticism that the revenue raised by the tax would be used for roads. This skepticism was based on complaints about diversions of funds from the TTF to other purposes, with only a small percentage of the TTF being used for transportation infrastructure. This amendment would address that concern by requiring any new fuel taxes to flow into a Construction Subfund within the TTF. Money in the Construction Subfund would be dedicated to the delivery, construction, and maintenance of transportation and capital transit infrastructure projects of state and local governments. Money in the subfund could not be used for employee wages and benefits, including retirement benefits, related to construction and maintenance of an infrastructure project.

Argument for the proposed amendment

Louisiana has an estimated \$13.1 billion backlog of needed repairs on its existing transportation system and another \$10 billion worth of projects that would improve and enhance the state’s transportation infrastructure. This amendment will guarantee that future new tax dollars will be used directly on projects (i.e., on pavement and iron) and not on administrative overhead or additional hiring, raising confidence that any new revenue for transportation purposes will be spent efficiently and effectively. If

the amendment does not pass and trust in the process is not restored, Louisiana would likely be unable to pass new taxes to fund much needed repairs and improvements of the state's infrastructure.

Argument against the proposed amendment

Because the gas tax failed in the 2018 Legislative session, this amendment creates a fund with no funds. If new fuel tax revenue is approved in the future, this fund mechanism will not work because employee and State Police costs can be funded by the existing TTF, which receives revenues from existing fuel taxes that are not covered by this amendment.

All dedications of state tax revenues limit state budgeting flexibility, which has been a recurring problem for Louisiana, and enshrining them in the constitution makes it more difficult to reverse such dedications. PAR suggests that a better way to restore trust would be to increase voter confidence that the transportation department is running efficiently before asking for additional taxes (http://reports.parlouisiana.org/2017/Constitutional_Amendments/PAR_CA2017.pdf).