*Welcome to LLA Reports, a podcast produced by the Louisiana Legislative Auditor’s office. This podcast is intended to be an oral representation of the written report it highlights and is primarily for the use of the Louisiana Legislature.*

This is Gina Brown. I’m a manager with LLA Performance Audit Services. This episode of LLA Reports focuses on our new report titled “Sufficiency of the Transportation Trust Fund in Meeting the State’s Transportation Needs.”

The purpose of this audit was to evaluate whether the funding of the state’s Transportation Trust Fund – or TTF – is sufficient to take care of Louisiana’s transportation needs, and to identify ways to increase the funding.

We conducted this audit because the Department of Transportation and Development’s 2019 State Highway and Bridge Needs report identified $14.87 billion dollars in needed infrastructure work in Louisiana.

We found TTF funding has not been sufficient to take care of these needs because motor fuel taxes, which are the TTF’s largest source of revenue, have not increased since 1990 and are not indexed for inflation.

In addition, the average fuel efficiency of light-duty passenger cars in the United States increased from 18.8 miles per gallon in 1990 to 22.9 miles per gallon in 2020. That decreased the amount of revenue the state receives per Vehicle Mile Traveled.

We found as well that, from fiscal years 2015 through 2021, over $300 million dollars in TTF-Regular revenues was used to supplement the debt service associated with projects under Transportation Infrastructure Model for Economic Development – or TIMED – program, as well as for constitutionally allowed local transportation needs.

As a result, the amount of revenue available to address the state’s $14 billion-dollar backlog of transportation projects and for general state transportation needs was reduced. Furthermore, we estimated that a little over $900 million dollars of projected TTF-Regular funds will be needed over the next 24 years to supplement the TIMED debt, which was not sufficiently funded. That also would reduce the amount of TTF funding available for the backlog of transportation projects.

We projected, too, that higher fuel efficiency and external electric charging will result in about $560 million dollars less in motor fuel tax revenue for the state from calendar years 2023 to 2032.

In 2032 alone, we estimated the state will take in over $100 million dollars less in motor fuel tax revenue, assuming electric vehicles account for 30 percent of new vehicles sold in Louisiana by then.

However, Act 578 of the 2022 Regular Session will enable the state to mitigate some of the lost motor fuel tax revenue by collecting a road usage fee from electric vehicle owners. Assuming all of the fees are collected as required, they should be sufficient to offset the impact of external electric charging vehicles on motor fuel tax collections, but not the impact of more fuel-efficient vehicles.

As a result, the state could still lose about $320 million dollars from calendar years 2023 to 2032.

We also found that other states have approved alternative funding measures to provide diversified, dedicated, predictable, and sustainable revenue for statewide roads and bridges.

Diversifying Louisiana’s revenue sources for transportation needs is important because, even accounting for the new road usage fee passed in the 2022 Regular Legislative Session, TTF revenues will still be insufficient to address the state’s current and future transportation needs.

As a result of our audit, we developed seven matters for legislative consideration.

We suggested the Legislature raise Louisiana’s gas tax and/or index it to certain economic conditions, such as inflation, changes in population, changes in fuel efficiency standards, and so forth. This would be similar to how most other southern states are setting gas tax rates.

We also suggested the Legislature identify other sources of revenue to pay down the TIMED debt service instead of TTF-Regular funds and exclude the aviation fuel tax when calculating the 20 percent of TTF funds allowed for appropriations to ports, the Parish Transportation Fund – or PTF – and the Statewide Flood Control Program.

We suggested as well that the Legislature limit appropriations to the PTF to what is minimally required by the Louisiana Constitution and direct funds not sent to the PTF to the state transportation system backlog instead.

We suggested, too, that the Legislatureconsider what types of revenue losses the Act 578 road usage fee is intended to offset and clarify which types of vehicles are required to pay the fee.

Finally, we suggested the Legislature adjust the state motor fuel tax rate to account for revenue losses caused by increased fuel efficiency, hybrid electric vehicles, and plug-in hybrid electric vehicles, as well as diversify the state’s revenue sources for transportation needs beyond gas taxes and vehicle-related fees.

*We hope you found this podcast informative, and that you’ll follow future episodes of LLA Reports.*

*This podcast was created as part of the audit report just discussed and is intended primarily for the use of the Louisiana Legislature. Both the full report and the podcast can be found on the LLA’s website at* [*www.lla.la.gov*](http://www.lla.la.gov)*.*

*Thank you for listening.*