

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 618** HLS 17RS 749

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 13, 2017 6:41 AM	Author: GAROFALO
Dept./Agy.: Coastal Protection and Restoration	Analyst: Willis Brewer
Subject: Authorizes CPRA to finance RESTORE and NRDA payments	

COASTAL RESOURCES RE SEE FISC NOTE SD EX See Note Page 1 of 1
 Authorizes the Coastal Protection and Restoration Financing Corporation to finance payments from the RESTORE Act and Natural Resources Damages Act

Proposed law authorizes the Coastal Protection and Restoration Financing Corporation to carry out financing, purchasing, owning, and managing for assets and revenues received under the Deepwater Horizon natural resources damage (NRDA) consent decree and the Resources Ecosystems Sustainability, Tourist Opportunities, and Revived Economics of the Gulf Coast State Act (RESTORE). Proposed law authorizes the State Bond Commission, subject to approval from the Joint Legislative Committee on the Budget (JLCB) and a majority of each house of the legislature, to sell to the Coastal Protection and Restoration Financing Corp. a portion up to all of the allocation received by the state from the Deepwater Horizon Natural Resources Damage (NRDA) consent decree and the RESTORE of the Gulf Coast State Act. Authorizes the corporation to use the assets received from the sale to support the sale of bonds, either RESTORE bonds or DWH NRD bonds. Requires sale of assets and transfer of payments be made in accordance with the requirements of the RESTORE Act and other applicable state and federal law. Proposed law authorizes the corporation to issue revenue bonds backed by the RESTORE assets or the DWH NRD assets. Provides for the procedures that are to be followed for each, including approval by the State Bond Commission and the JLCB. Requires that the proceeds of the sale of the bonds be used for the purposes for which the bonds were issued. Specifies that the bonds are bonds of the corporation and are in no way backed by the full faith and credit of the state. Requires monies received to be deposited into the Coastal Protection and Restoration Fund.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

The proposed law may result in an indeterminable cost to Coastal Protection and Restoration Authority (CPRA). The proposed law authorizes the Coastal Protection and Restoration Financing Corporation to issues bonds secured by the revenue from the Deepwater Horizon natural resources damage (NRDA) consent decree (settlement funds) and the Resources Ecosystems Sustainability, Tourist Opportunities, and Revived Economics of the Gulf Coast State Act (RESTORE).

To the extent authorized bonds are sold, the Coastal Protection and Restoration Authority (CPRA) would incur administrative and transactional costs associated with the sale of those bonds which will depend on the number of bonds sold, the dollar amount, bond type, market costs, brokerage fees, interest owed to bondholders, and other associated costs/fees. Any costs cannot be financed with the settlement funds or RESTORE Act funds; therefore, any of these associated costs will have to be paid out of CPRA's operating budget from the Coastal Protection and Restoration Fund (statutory dedication). These expenses will only arise in the event the bonds are sold and cannot be determined at this time.

REVENUE EXPLANATION

The proposed law authorizes the Coastal Protection and Restoration Financing Corporation to issues bonds secured by the revenue from the Deepwater Horizon natural resources damage (NRDA) consent decree (settlement funds) and the Resources Ecosystems Sustainability, Tourist Opportunities, and Revived Economics of the Gulf Coast State Act (RESTORE). Both the NRDA settlement funds and the federal RESTORE Act funds are payable to the Coastal Protection and Restoration Authority (CPRA) in annual payments over the next fifteen years. Bond sales would accelerate the availability of those receipts, but at a cost, and the cumulative total in bond sales shall not exceed the expected gross revenues for the fifteen year period. Any interest owed to the bondholder will be paid via CPRA using its own funds (Coastal Restoration and Protection Fund).

The Coastal Protection and Restoration Financing Corporation is currently authorized to carry out the financing, purchasing, owning, and managing Offshore Royalty Revenues and Offshore Royalty Revenue Assets received under the Gulf of Mexico Energy Security Act (GOMESA). According to CPRA, the CPR Financing Corporation has not sold any bonds using GOMESA funds.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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