

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 779** HLS 18RS 1288
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | |
|---|-----------------------------------|
| Date: April 23, 2018 7:13 AM | Author: HODGES |
| Dept./Agy.: DOTD | Analyst: Alan M. Boxberger |
| Subject: Establishes temporary dedication for Comite River Diversion | |

FUNDS/FUNDING OR -\$20,000,000 GF EX See Note Page 1 of 1

Establishes a temporary dedication of a portion of certain revenues available under the Uniform Unclaimed Property Act for purposes of the Comite River Diversion Canal project

Present law establishes the Unclaimed Property Leverage Fund and requires \$15 M annually to be deposited from revenues derived from the sale of certain unclaimed property returned to the state; establishes separate accounts for I-49 North and South, into each of which 50% of monies is deposited each year; and authorizes securitization of proceeds as "unclaimed property bonds."

Proposed law increases deposits into the Unclaimed Property Leverage Fund by \$20 M annually (to a total of \$35 M) from July 1, 2018, through June 30, 2023, to provide for deposit into the newly created Comite River Diversion Canal Account; provides for authorization for additional deposits by legislative act; authorizes securitization of the additional proceeds; prioritizes deposits into the Comite River Diversion Canal Account over the existing I-49 North and South Accounts; provides that monies in the Comite River Diversion Canal Account be used exclusively to match federal funds to be used by DOTD for the costs associated with construction of the Comite River Diversion Canal project; provides that monies in the account remain at the end of each fiscal year; and increases the limit on bond payments from the Unclaimed Property Leverage Fund to \$35 M from \$15 M.

| EXPENDITURES | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 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 | 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 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 5 -YEAR TOTAL |
| State Gen. Fd. | (\$20,000,000) | (\$20,000,000) | (\$20,000,000) | (\$20,000,000) | (\$20,000,000) | (\$100,000,000) |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$20,000,000 | \$20,000,000 | \$20,000,000 | \$20,000,000 | \$20,000,000 | \$100,000,000 |
| 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 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

EXPENDITURE EXPLANATION

Proposed law would temporarily revise the flow of certain unclaimed property collections within the state's accounting system through June 30, 2023. Proposed law provides that \$20 M of monies generated by the sale of unclaimed property shall be transferred into Unclaimed Property Leverage Fund and subsequently deposited in the newly created Comite River Diversion Canal Account. SGF expenditures would be reduced on a dollar for dollar basis. Monies in the account shall be used exclusively to provide for federal match associated with the costs of constructing the Comite River Diversion Canal. The Comite River Diversion Canal project is currently estimated to cost approximately \$200 M with the state match portion projected to range from a minimum of 25% (\$50 M) to a maximum of 50% (\$100 M) depending on the cost of right of way acquisitions and utilities relocation. Any expenditure for the Comite River Diversion Canal project would be subject to legislative appropriation.

Proposed law authorizes the State Bond Commission to issue revenue bonds payable from unclaimed property receipts classified to the Unclaimed Property Leverage Fund pursuant to R.S. 9:165 (see NOTE). To the extent the Bond Commission were to issue revenue bonds, the state would realize attendant costs related to the issuance of bonds including bond attorneys, underwriters, underwriters' discount, rating experience, bond insurance, etc., as well as post-issuance compliance (arbitrage calculations, continuing disclosure, etc.). Proposed law is permissive with respect to issuing bonds, and the total allocation of cash proceeds between FY 19 and FY 23 total to the approximate maximum state match required for construction costs (\$100 M).

NOTE: Proposed law appears to prioritize allocation to the Comite River Diversion Canal Account before funding the I-49 North and South Accounts. The I-49 accounts are associated with existing state bond debts. To the extent that total unclaimed property collections may fall below \$35 M in any year of the impacted time period (FY 19 through FY 23), either through lower unclaimed property returns to the state or enhanced identification, notification and return of monies to the proper owners, the state would be required to divert alternate fiscal assets (assumed to be SGF) to pay for existing debt obligations.

REVENUE EXPLANATION

Proposed law will temporarily divert unclaimed property revenue deposits from the SGF into the newly created Comite River Diversion Canal Account within the Unclaimed Property Leverage Fund. The existing Revenue Estimating Conference forecasts excess revenue from unclaimed property in FY 19 at \$50 M. Of this amount, \$15 M is transferred into the Unclaimed Property Leverage Fund for projects associated with I-49 North and South. Proposed law would transfer an additional \$20 M from the SGF into the new statutorily dedicated fund, for a total of \$35 M, beginning in FY 19 and ending in FY 23.

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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