



**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**

Fiscal Note On: **HB 703** HLS 18RS 1062  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

|  |         |                                   |
|--|---------|-----------------------------------|
| <b>Date:</b> April 26, 2018                      | 4:41 PM | <b>Author:</b> GISCLAIR           |
| <b>Dept./Agy.:</b> DOTD                          |         | <b>Analyst:</b> Alan M. Boxberger |
| <b>Subject:</b> LA 1 Improvement Project Account |         |                                   |

FUNDS/FUNDING OR -\$15,000,000 GF RV See Note Page 1 of 2

Increases the amount dedicated for deposit into the Unclaimed Property Leverage Fund and establishes the LA 1 Improvement Project Account with the fund

Present law establishes the Unclaimed Property Leverage Fund and requires that \$15 M annually be deposited into the fund from revenues derived from the sale of certain unclaimed property returned to the state; establishes within the Fund accounts for I-49 North and I-49 South, into each of which is deposited 50% of monies deposited into the Fund each year; authorizes monies in the I-49 North and South account to be transferred to the State Bond Commission for use to pay bond costs issues for I-49 projects; and authorizes issuance of unclaimed property bonds, limited to \$15 M annually.

Proposed law increases deposits into the Unclaimed Property Leverage Fund from \$15 M to \$30 M annually; reduces deposits into I-49 North and South to 25% each; establishes the LA 1 Improvement Project Account within the Fund and allocates 50% of annual deposits, plus other sources as available; authorizes unclaimed property bonds for LA 1; limits bond payments to \$30 M annually; and provides for sunset provisions.

| 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>    |
| <b>Annual Total</b> |            |            |            |            |            |               |

  

| REVENUES            | 2018-19        | 2019-20        | 2020-21        | 2021-22        | 2022-23        | 5 -YEAR TOTAL  |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| State Gen. Fd.      | (\$15,000,000) | (\$15,000,000) | (\$15,000,000) | (\$15,000,000) | (\$15,000,000) | (\$75,000,000) |
| Agy. Self-Gen.      | \$0            | \$0            | \$0            | \$0            | \$0            | \$0            |
| Ded./Other          | \$15,000,000   | \$15,000,000   | \$15,000,000   | \$15,000,000   | \$15,000,000   | \$75,000,000   |
| 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>     |
| <b>Annual Total</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

**EXPENDITURE EXPLANATION**

Proposed law would revise the flow of certain unclaimed property collections within the state's accounting system. Proposed law directs the state treasurer to deposit an additional \$15 M each fiscal year from proceeds from the sale of abandoned property into the newly created LA 1 Improvement Project Account within the Unclaimed Property Leverage Fund. This portion of unclaimed property proceeds currently flows into the SGF and provides for general operations of state government.

Proposed law provides that monies deposited into the LA 1 Improvement Project Account shall be used exclusively to match federal funds to be used for the costs for and associated with construction of the LA 1 Improvement Project from Golden Meadow to Leeville in southern Lafourche Parish. The current total cost estimate for the LA 1 Improvement Project is \$360 M. Assuming an allocation of federal funds were available for the project, the match rate of 80/20 would require a state investment of approximately \$72 M to match \$288 M in federal monies. Any such allocation of federal funds would require modification of the scheduled projects in the existing Highway Priority Program. Proposed law sunsets the allocation to the LA 1 Project when the project is deemed completed by DOTD or the bonds are paid in full, whichever is later. If bonds are not sold by 12/31/21, the provisions shall become null, void and of no effect on 1/1/22.

Proposed law authorizes the State Bond Commission to issue unclaimed property 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.

NOTE: Proposed law does not establish a prioritization of fund transfers from unclaimed property proceeds. Present law provides for the deposit of proceeds from the sale of abandoned property and requires that \$15 M of this amount be deposited each year into the Unclaimed Property Leverage Fund for bonds and direct payments of highway construction for projects on I-49. R.S. 9:165.1(J) stipulates that when any bonds shall have been issued hereunder, neither the legislature, the commission, nor any other entity may discontinue or decrease the revenues pledged to the payment of the bonds authorized hereunder or permit to be discontinued or decreased the revenues in anticipation of the collection of which such bonds have been issued, or in any way make any change in the allocation and dedication of the revenues which would diminish the amount of the revenues to be received by the commission, until all of such bonds shall have been retired as to principal and interest.

**SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE 2**

**REVENUE EXPLANATION**

Proposed law will divert unclaimed property revenue deposits from the SGF into the statutorily dedicated Unclaimed Property Leverage Fund. The existing REC forecast projects 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 \$15 M from the SGF into the newly created LA 1 Improvement Project Account within the Fund for specified purposes.

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}

*Evan Brasseaux*  
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 Staff Director

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**CONTINUED EXPLANATION from page one:**

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**EXPENDITURE EXPLANATION CONTINUED FROM PAGE 1**

The Treasury reports that lacking a statutory prioritization of allocations, if revenues in any given fund or pool fall short of projections, the actual collections would be prorated between outstanding obligations by existing practice. In FY 16, gross Unclaimed Property collections were approximately \$87.7 M. Roughly \$50 M of this amount generally reverts to the SGF for appropriation when property owners do not timely claim owned assets. Of this amount, \$15 M is obligated to I-49 and any obligated bond payments. Proposed law would obligate approximately \$30 M of the \$50 M currently recognized by the REC (\$15 M for I-49 and \$15 M for LA 1 Improvement Project). The Treasury reports that should available funds ever fall below the \$30 M threshold, either due to lower collections, enhanced capacity to notify owners and return private assets, or some other factor, proposed law would create a funding conflict between eligible allocations without a statutory prioritization and could potentially limit the capacity of the state to make the full existing or prospective bond payments from the current revenue source.

Senate Dual Referral Rules  
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House  
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