

## HOUSE SUMMARY OF SENATE AMENDMENTS

**HB 578**

**2019 Regular Session**

**Magee**

FUNDS/FUNDING: Dedicates the economic proceeds from the Deepwater Horizon litigation to transportation projects and redirects funding to the Construction Subfund of the Transportation Trust Fund

### Synopsis of Senate Amendments

1. Beginning FY 2021-2034, require the remaining proceeds from the Deepwater Horizon litigation to be used solely on listed projects.
2. Repeal sunset provision of present law and repeals payments to the Medicaid Trust Fund for the Elderly and the Health Trust Fund beginning in FY 21.
3. Authorize the State Bond Commission to pledge the remaining proceeds from the Deepwater Horizon litigation to securitize bond payments.
4. Require the proceeds of the bonds, after paying the costs of issuance to be used solely on the listed projects.
5. Authorize issuance of the bonds and establish the procedure to contest the validity of the issuance of the bonds, the rights of bondholders, and authorize the issuance of refunding bonds.
6. Prohibit the bonds from being considered full faith and credit debt of the state.
7. Change start date for listed projects from July 1, 2021 to July 1, 2020.
8. Remove the addition of two lanes for the Jimmie Davis Bridge (LA 511) and the repair of the Existing Bridge from the list of projects and replaces it with the I-49 North Inter-City Connector in Caddo Parish.
9. Stipulate that listed projects shall not be required to be included in the annual comprehensive capital budget nor subject to legislative approval.
10. Exempt any bonds, notes, or other evidence of indebtedness issued for the purpose of financing the projects in proposed law from the definition of "net state tax supported debt."
11. Add the replacement and rehabilitation of highway bridges on state highways that are ineligible for federal highway funding assistance to the list of projects.
12. Establish a special fund where the source of the monies within the fund shall be the economic proceeds from the Deepwater Horizon litigation beginning in Fiscal Year 2021 through Fiscal Year 2034. The monies in the fund shall be used for the projects listed in proposed law.
13. Establish that payments into the Budget Stabilization Fund shall be fulfilled first from surplus revenues from the prior fiscal year, secondly, after fulfilling the requirements of R.S. 39:100.61 from excess revenues of the current fiscal year, or by an appropriation from the state general fund.
14. Establish effective dates for different sections of proposed law.

**Digest of Bill as Finally Passed by Senate**

Present law requires the annual payment of \$53,333,333 from the Deepwater Horizon litigation to be deposited into the state general fund for Fiscal Year 2018-2019. Proposed law retains present law.

Present law creates the Deepwater Horizon Economic Damages Collection Fund, and requires all economic damages from the Deepwater Horizon litigation, in excess of the first \$200 million deposited into the FY 15-16 Deficit Elimination Fund, to be deposited into the Deepwater Horizon Economic Damages Collection Fund and then deposited as follows:

- (1) 45% to the Budget Stabilization Fund.
- (2) 45% to the Trust Fund for the Elderly.
- (3) 10% to the Health Trust Fund.

Proposed law requires, for Fiscal Year 2019-2020 only, that the proceeds from the Deepwater Horizon Economic Damages Collection Fund to go to the Budget Stabilization Fund, the Trust Fund for the Elderly, and the Health Trust Fund.

For Fiscal Years 2021-2034, proposed law requires, after paying of amounts due on bonds and related expenses, the state treasurer to immediately transfer the balance of the annual payments of \$53,333,333 from the Deepwater Horizon litigation to the Construction Subfund of the Transportation Trust Fund. The economic damage proceeds and the bonds shall be issued, after paying the costs associated with the issuance of the bonds, solely and exclusively for the following projects and in the following amounts:

- |      |  |               |
|------|--|---------------|
| (1)  | For Fiscal Years 2021-2026, \$25,000,000 per year for Phase Two of the LA 1 Improvement Project between Golden Meadow, La. and Leeville, La.   | \$150,000,000 |
| (2)  | LA 415 Bridge at the Intracoastal Canal  | \$125,000,000 |
| (3)  | I-49 South   | \$150,000,000 |
| (4)  | LA. Highway 3241 from I-12 to Bush, La.  | \$50,000,000  |
| (5)  | I-49 North Inter-City Connector in Caddo Parish  | \$100,000,000 |
| (6)  | Acquisition of a New Cameron Parish Ferry  | \$20,000,000  |
| (7)  | On-System Bridge Program for the replacement and rehabilitation program for highway bridges on any federal-aid system, railroads, and replacement and rehabilitation of highway bridges on state highways that are ineligible for federal highway funding assistance | \$40,000,000  |
| (8)  | Sugarhouse Road Extension/Eddie Williams Boulevard to LA 43 Highway 1, Phase I and II  | \$19,000,000  |
| (9)  | Acquisition of Two Cranes for the Port of New Orleans  | \$20,000,000  |
| (10) | Hooper Road Widening from LA 3034 to LA 37   | \$15,000,000  |

Proposed law exempts the projects in proposed law from the requirements of being included in the annual comprehensive capital budget and from legislative approval.

Proposed law establishes a special fund where the source of the monies within the fund shall be the economic proceeds from the Deepwater Horizon litigation beginning in Fiscal Year 2021 through Fiscal Year 2034. The monies in the fund shall be used for the projects listed in proposed law.

Proposed law authorizes the State Bond Commission to pledge the economic proceeds from the Deepwater Horizon litigation to securitize the bonds that may be issued to construct the projects in proposed law.

Proposed law provides for the issuance of the bonds, the procedure to contest the validity of the issuance of the bonds, the rights of bondholders, issue refunding bonds, and other procedures related to the issuance of the bonds. Provides that the bonds shall not be full faith and credit debt of the state.

Proposed law listed the amounts that may be financed for each of the projects in proposed law to the dollar value listed, plus an amount equal to 10% , plus the costs of issuance, capitalized interest, if any, credit enhancements and related costs.

Proposed law prohibits the use of any of the economic proceeds from the Deepwater Horizon litigation by the Dept. of Transportation and Development for any project that is funded through GARVEE bonds.

Present law defines net state tax supported debt shall. Proposed law retains present law but exempts any bond, note, or other evidence of indebtedness issued for the purpose of financing the projects in proposed law or any bonds issued to refund the bonds, notes, or other evidence of indebtedness from the definition of net state tax supported debt.

Present law (§12 of Act No. 612 of 2018 R.S.) directs the balance of economic damages proceeds to the state general fund beginning on July 1, 2020. Proposed law repeals present law.

Present law requires all unspent monies in the fund to remain in the fund at the end of the year. The monies shall be invested by the state treasurer in the same manner as the monies in the state general fund and the interest earned on the investment of monies in the fund shall be credited to the fund. Proposed law repeals present law.

Present law limits appropriations from the fund to annual interest earnings and to be made to the Board of Regents for distribution to state public postsecondary education institutions. Additionally, allows appropriations to be distributed to independent institutions of higher learning. Also requires that appropriations to the Board of Regents from the fund shall not displace, replace, or supplant funding for higher education. Proposed law repeals present law.

Present law establishes the economic damages from the Deepwater Horizon litigation to be a source of funding for the Medicaid Trust Fund for the Elderly. Proposed law repeals present law.

Present law establishes the economic damages from the Deepwater Horizon litigation to be a source of funding for the Health Trust Fund. Proposed law repeals present law.

Present law sunsets at the later of the conclusion of the DWH litigation or July 1, 2024. Proposed law repeals present law.

Proposed law provides that payments into the Budget Stabilization Fund shall be fulfilled first from surplus revenues from the prior fiscal year, secondly, after fulfilling the requirements of present law from excess revenues of the current fiscal year, or by an appropriation from the state general fund.

Section 1, 2, 4, and 5 effective upon signature of the Governor. Section 3 effective July 1, 2020.

(Amends R.S. 39:91(B)(2), (3), and (4) and (C); Adds R.S. 39:91(B)(5) through (8) and (D) through (S) and 1367(E)(2)(B)(vii); Repeals R.S. 39:91(E), 46:2691(A)(1)(b) and 2731(B)(2))