RÉSUMÉ DIGEST

ACT 505 (SB 277) **2022 Regular Session** **Cortez**

Existing law (R.S. 48:77) provides that a portion of the taxes collected from the taxable sale, use, or lease of motor vehicles, after satisfying the requirements of the Bond Security and Redemption Fund, shall be deposited into the Construction Subfund (subfund) of the Transportation Trust Fund. Provides that for FY 2023-2024, 30% of such avails shall be deposited into the subfund and for FY 2024-2025 and thereafter, 60% of such avails shall be deposited into the subfund.

New law retains existing law but adds the Megaprojects Leverage Fund created in new law as an additional fund for deposit of the dedicated portion of the taxes collected from the taxable sale, use, or lease of motor vehicles.

Prior law provided that in any fiscal year beginning with Fiscal Year 24-25, if the Revenue Estimating Conference revises the Official Forecast resulting in a decrease of $100 million or more from the Official Forecast at the beginning of the current fiscal year, the amount of avails deposited into the subfund may not exceed $150 million for that fiscal year. New law repeals prior law.

Prior law provided that no debt shall be issued which in the aggregate exceeded $150 million that is secured by monies deposited into the subfund. New law repeals prior law.

New law (R.S. 48:77.1) creates the Megaprojects Leverage Fund in the state treasury and directs the state treasurer to deposit into the Megaprojects Leverage Fund 75% of the portion of the avails of the tax on the sale, use, or lease of motor vehicles dedicated pursuant to existing law (R.S. 48:77), not to exceed $160 million in any fiscal year.

New law creates four special accounts in the Megaprojects Leverage Fund, into each of which shall be deposited 25% of the amount deposited into the Megaprojects Leverage Fund each year as well as any other monies appropriated to each special account each year. The four special accounts are the I-10 Calcasieu River Bridge and I-10 Improvements Account, the I-49 South Leverage Fund Account, the Mississippi River at Baton Rouge and Connections Account, and the I-49 North Leverage Fund Account. Provides that if a project is completed and issued final acceptance and any outstanding debt secured by the special account has been paid or defeased, no more deposits shall be made into that account and any monies in that account shall be divided equally between the remaining accounts that are eligible to receive deposits.

New law provides that, if prior to the issuance of bonds for the project, the secretary of the Dept. of Transportation and Development (DOTD) determines it is not within the best interests of the state to proceed with a project for which an account has been created in new law, he may submit a request to the House and Senate Committees on Transportation, Highways and Public Works not to proceed. If the committees approve the request, new law provides that no more deposits shall be made into that account and any monies that would have been deposited in that account shall be divided equally between the remaining accounts that are eligible to receive deposits. Further provides that within 30 days of the committees' approval, the unexpended and unencumbered balance in the account is to be divided equally between the remaining accounts that are eligible to receive deposits.

New law provides that once all projects described in existing law and proposed law have either been completed and issued final acceptance or the secretary's request not to proceed with the project has been approved, and any outstanding debt issued pursuant to new law has been repaid or defeased, then no further deposits shall be made into the Megaprojects Leverage Fund.

New law requires DOTD to obtain approval from the Joint Legislative Committee on the Budget before entering into a public-private partnership with respect to one of the four megaprojects except for public-private partnerships for which solicitations began before August 1, 2022.

New law provides for the investment of monies in the fund.

New law provides that monies in the fund shall be appropriated only for (1) debt service on bonds issued pursuant to new law and (2) transfer to the Construction Subfund for certain projects enumerated in existing law and proposed law. The existing law and new law projects eligible for funding pursuant to new law are:

(1) Replacement of the I-10 Calcasieu River bridge and I-10 improvements from the I-210 interchange west of the river to the I-210 interchange east of the river.

(2) Upgrades to US 90 to interstate standards from the I-10 and I-49 interchange from Lafayette to New Orleans.

(3) A new Mississippi River Bridge at Baton Rouge with freeway-level connections from I-10 west of Baton Rouge to I-10 east of Baton Rouge on LA Highway 1 and LA Highway 30.

(4) Upgrades to I-49 North where I-49 is not yet upgraded.

New law provides for the issuance of bonds secured by the motor vehicle sales and use tax deposited into the Megaprojects Leverage Fund, provided that the total amount of funds pledged shall not exceed $25 million per year from any of the four accounts created in new law. Proceeds of the bonds shall be deposited into the subfund.

New law provides for the creation of the Motor Vehicle Sales and Use Tax Bond Fund, to be administered by a trustee selected by the State Bond Commission (commission), into which shall be deposited such portion of the motor vehicle sales and use taxes that are taxable and transferred to the commission.

New law provides that the bond resolution may contain provisions respecting: custody of the bond proceeds; investment of the motor vehicle sales taxes; credit enhancement devices for the bonds; the collection, custody, and use of the pledged revenues or other monies pledged therefor; reserves, sinking funds and other funds; covenants for the establishment of pledged revenue coverage requirements of the bonds; the issuance of additional parity or subordinate bonds; and covenants deemed necessary in order to better secure the bonds. Provides that the bonds are negotiable instruments, a valid and binding pledge, and exempt from state taxation.

New law provides that the bonds issued pursuant to new law shall not be full faith and credit obligations of the state.

New law provides that the bond resolution shall set forth the series, date, maturities, interest rates, redemption terms and priority on revenues. Bonds may be sold by competitive bid or negotiated sale. New law provides for a 30-day preemption period.

New law provides that the bonds shall not be included as "net state tax supported debt" pursuant to existing law (R.S. 39:1367).

Effective June 16, 2022.

(Amends R.S. 48:77(A), (C)(intro para), and (C)(1) ; adds R.S. 39:1367(E)(2)(b)(ix) and R.S. 48:77.1 and 77.2; repeals R.S. 48:77 (B) and (E))