

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 979** HLS 14RS 959
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: Treasury/Bond Commission/DOTD		Analyst: Deborah Vivien
Subject: Creates a State Infrastructure Bank		

TRANSPORTATION RE1 SEE FISC NOTE SD RV See Note Page 1 of 1
 Provides for the creation of the Louisiana Transportation Infrastructure Bank

Proposed bill creates a transportation infrastructure bank within State Treasury to make loans and provide other assistance to public entities for publicly-purposed transportation projects with Bond Commission and DOTD approval, acting essentially as a revolving loan fund. The bill provides for the bank to be governed by a board of directors and authorizes the board appointment of an executive director, underwrite debt, set fees, etc. The board includes the Treasurer as chair, DOTD Secretary, chairmen of Senate and House Transportation Committees or designees and a representative associated with each of LA Bankers, CPAs and Governor's appointee from LA Good Roads & Transportation Association. The board has the authority to review and approve/deny any application for loans or other assistance made by the public entity for an eligible project. This bill creates the LA Transportation Infrastructure Fund and provides for the following capitalization mechanisms: 7% of motor vehicle sales tax (presumably the Transportation Mobility Fund subject to trigger), revenue generated from an increase in commercial truck registration fees and state investment (all after related debt obligations are met). Eff. w/ sign.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
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	2014-15	2015-16	2016-17	2017-18	2018-19	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						

EXPENDITURE EXPLANATION

This bill authorizes a state infrastructure bank which will essentially act as a lending bank operating within the State Treasury for use on certain transportation projects with a public purpose. While the bill contemplates capitalization and operation of the bank, the bill contains no mandatory capitalization of the bank. Thus, there are no immediate administrative expenses associated with the bank.

However, if the bank is capitalized during this session with other bills that have been filed or on the basis of future laws, operating expenses are expected to total about \$300,000-400,000 per year. Anticipated expenses include additional staff (Executive Director, Secretary, Fiscal Analyst), professional services for legal and financial advice and associated supplies/equipment, based on similar legislation offered in past sessions. These costs would fluctuate based on the actual operational structure of the bank.

REVENUE EXPLANATION

The bill has provisions that direct 7% of motor vehicle sales collections, revenue from an increase in truck registration fees, and other state investments (after related debt obligations are met) to the LA Transportation Infrastructure Fund, created by this bill. These funds would be used as bank capital to finance the operation of the bank/program. However, the bill does not itself mandate these funding mechanisms but states that they are to be allocated to the purposes of this bill "as provided by law", and in the case of the vehicle sales tax when the current law dedication, presumably to the Transportation Mobility Fund, is triggered by its own provisions. Currently, these sales tax collections would amount to some \$27 million per year that would be diverted from the Transportation Mobility Fund into this bill's Infrastructure Fund. The funds would be controlled by the Transportation Infrastructure Bank instead of the Louisiana Transportation Authority and used for federal, state or intermodal transportation projects.

Amounts associated with an increase of commercial truck registration fees will depend on the provisions of future law. State investments redirected to the bank could affect SGF earnings, depending on which investments and/or earnings were foregone relative to the returns provided by the bank, and also depend on future law.

While the bill does not directly finance the bank, it does contemplate bank financing from future changes in dedicated funds, truck registration fees, and state investments. These changes can affect the state general fund and other dedicated funds.

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| Senate | <u>Dual Referral Rules</u> | House | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

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