

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 767** HLS 15RS 58

Bill Text Version: **RE-REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|--|---------|--------------------------------|
| Date: May 15, 2015 | 4:49 PM | Author: ST. GERMAIN |
| Dept./Agy.: Treasury | | Analyst: Deborah Vivien |
| Subject: Transportation Infrastructure Bank | | |

TRANSPORTATION

RR SEE FISC NOTE SD RV See Note

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Creates the Louisiana State Transportation Infrastructure Bank

Proposed bill creates but does not fund an infrastructure bank within State Treasury to make loans and provide other assistance to public entities for transportation projects with Bond Commission and DOTD approval. The board can issue bonds, choose projects to be funded and essentially offer a revolving loan fund with a request for exclusion from the state debt limit with debt service subject to appropriation. The bill provides for a board of directors (Treasurer appoints an executive director) to choose projects, 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. This bill creates the LA State Transportation Infrastructure Fund and provides for, but is not limited to, the following capitalization mechanisms: Phase-in of any motor vehicle sales tax dedication upon trigger with 7% (previously the Transportation Mobility Fund) not requiring additional action, government funds or donations but for use solely on public transportation projects.

| EXPENDITURES | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 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 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 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, state investments (after related debt obligations are met) and other sources to the LA Transportation Infrastructure Fund created by this bill. These funds would be used as seed 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 any dedication is triggered by its own provisions. Without additional action and upon triggered phase-in, 7% of vehicle 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. The board has authority to adjust repayment provisions. The bill may allow reallocation of existing federal funds but does not generate additional federal funds.

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. Other sources of capitalization could presumably be evaluated upon identification.

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

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|---|---|--|---|
| <input type="checkbox"/> Senate | <input type="checkbox"/> <u>Dual Referral Rules</u> | <input type="checkbox"/> House | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {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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