

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



Fiscal Note On: **HB 448** HLS 16RS 348  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 28, 2016 1:32 PM	<b>Author:</b> MILLER, G.
<b>Dept./Agy.:</b> State Bond Commission	<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Prohibits securitization of Highway Fund #2 collections	

BONDS/COMMISSION OR SEE FISC NOTE SD RV Page 1 of 1  
 Prohibits the State Bond Commission from approving the issuance of any bonds secured by payments out of Highway Fund No. 2

Proposed law prohibits the State Bond Commission from issuing or approving any securitization of State Highway Fund No. 2 funds, including refunding of bonds currently secured by State Highway Fund No. 2 funds.

Effective July 1, 2016

<b>EXPENDITURES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

The Constitutional State Highway Fund No. 2 contains vehicle license fees from Orleans, Jefferson, St. Tammany, Tangipahoa, St. John and St. Charles parishes in the Greater New Orleans area. Fifty percent of the funds are transferred to the Greater New Orleans Expressway Commission and the remaining half is deposited to the Transportation Trust Fund (previously to the Crescent City Connection).

Currently the Greater New Orleans Expressway Commission has two outstanding bond issues. One principal amount is \$22.3M issued in 2013, maturing in 2027 and the other for \$17.5M in principal issued in 2014, maturing in 2033. Both are secured first by tolls then backed by State Highway Fund #2 funds. Both bond issuances are callable, and thus refundable, in November, 2023 (beyond the fiscal note horizon), though advanced refunding is an option. Debt service on the bonds is about \$2.6M-\$3.1M annually until 2029 when it becomes about \$5.4M per year. The debt service is considered Net State Tax Supported Debt. GNOEC has an additional bond issue that will mature in November, 2016 with a final payment of \$1.2M.

This bill will prohibit the use of Highway Fund #2 funds to secure additional bonds and will also prohibit any refunding of the existing bonds, regardless of the economic benefit. The State Bond Commission reports that the bill could impact borrowing capacity under the debt limit by prohibiting the refunding of existing bonds if market conditions provide an economic benefit. This may also preclude the state of an opportunity to make additional Highway Fund #2 revenue available by reducing debt service requirements through refunding. In addition, it is presumed that a higher yield was paid for callable bonds upon issuance as the market risk was transferred to the bondholder. This bill will remove that benefit to the state by making the bonds non-refundable, while locking in the higher yield.

The Greater New Orleans Expressway Commission reports that there are no plans for requesting additional bond issues or refunding of existing bonds using these funds, even beyond 2023.

It is not clear how this bill impacts the remaining 50% of the Highway Fund #2 Funds that are currently being deposited to the Transportation Trust Fund and presumably co-mingled with other TTF revenue, which also secures bonds.

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