

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **SB 213** SRS 03- 185
 Bill Text Version: **REENGROSSED**
 Opp Chamb Action:
 Sub Bill For:
 Proposed Amd:

Date: June 12, 2003 10:46 AM	Author: DARDENNE
Dept/Agy: Natural Resources	
Subject: Coastal Restoration Fund	Analyst: Greg Albrecht

FUNDS/FUNDING RE SEE FISC NOTE SD RV See Note Page 1 of 1
 Constitutional amendment to create the Louisiana Coastal Restoration Fund. (1/1/04) (2/3-CA13s1(A))

Creates the Louisiana Coastal Restoration Fund. Requires the treasurer to transfer into the new fund up to 20% of the proceeds received as a result of the securitization of the remaining portion of the revenues received from the tobacco settlement. The required transfer is based on the following criteria: (1) there must be written certification of federal appropriations for coastal restoration from which Louisiana is entitled to receive funds, (2) the transfer shall be only the amount necessary to match the maximum federal funds available and transfers can not exceed 20% in the aggregate and, (3) transfers shall be taken in one-third proportions from the three special funds of the Millennium Trust (the Health Excellence Fund, the Education Excellence Fund, and the TOPS Fund). Monies in the new Coastal Restoration Fund shall be appropriated solely for programs to reduce coastal erosion and restore eroded areas. To be submitted at the gubernatorial primary to be held in 2003. Effective January 1, 2004.

EXPENDITURES	2003-04	2004-05	2005-06	2006-07	2007-08	5 YEAR TOTAL
State General Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Stat. Deds./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2003-04	2004-05	2005-06	2006-07	2007-08	5 YEAR TOTAL
State General Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Stat. Deds./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION:

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

REVENUE EXPLANATION:

According to information provided by the State Bond Commission, securitization of the remaining 40% of the state's tobacco settlement could yield net proceeds around \$600 million, depending on actions taken regarding the amount and timing of securitization and the market at the time of such actions. These proceeds would be deposited into the Millennium Trust. Up to 20%, or \$120 million, of these proceeds could be transferred to the new Coastal Restoration Fund and made available for coastal erosion and restoration projects. Since any portion of the fund could be appropriated for projects in any year, the Treasury will likely keep the investments of the new fund relatively short-term in maturity. The range of current earnings reported by the Treasury for 2 year to 5 year U.S. Treasury notes is 1.5% - 2.85%. This would generate some \$2.6 million of earnings for the new fund (on an annualized basis). Since at least some of the fund's balance would be appropriated for projects each year, annual earnings may be lower than this example.

Obviously, to the extent monies are transferred out of the Millennium Trust, those amounts are not available to generate earnings for the purposes of the Trust's three special funds; the Health Excellence Fund, the Education Excellence Fund, and the TOPS Fund. Monies not available to the Millennium Trust currently foregoes earnings at about a 4.65% rate (reflecting the tax exempt rates). This translates into approximately \$5.6 million of earnings foregone to the Trust's purposes (on an annualized basis and primarily split among the Trust's three special funds).

Senate Dual Referral Rules
 13.5.1 >= \$500,000 Annual Fiscal Cost
 13.5.2 >= \$500,000 Annual Tax or Fee Change

House
 6.8(F) >= \$500,000 Annual Fiscal Cost
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

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