

HOUSE SUMMARY OF SENATE AMENDMENTS

House Bill No. 979 by Representative St. Germain

TRANSPORTATION: Provides for the creation of the Louisiana Transportation Infrastructure Bank

Synopsis of Senate Amendments

1. Made technical changes.
2. Added "to exempt any debt of or obligation entered into by the infrastructure bank from being used in the calculation of net state tax supported debt" to the title.
3. Limited the bank to funding maintenance of the "state highway system" rather than maintenance connected with "transportation programs".
4. Added that the bank is authorized to issue bonds, notes or other evidences of indebtedness.
5. Changed that the executive director of the bank served at the pleasure of the board to an employee of the state treasurer approved by the board.
6. Requires a schedule of reasonable fees and charges established by rule adopted pursuant to the Administrative Procedure Act.
7. Removed revenue generated from the increase of commercial truck registration fees as a source of revenue used to capitalize the bank.
8. Removed the provision stating that withdrawal from the fund to pay debt service on any bond, note, or other evidence of indebtedness, obligation of guarantee of any debt, or pledge to secure any debt, does not constitute and shall not be subject to annual appropriation by the legislature.
9. Requires that funds expended shall be exclusively used for public purposes to fund eligible transportation projects within the state.
10. Removed prohibition on use of the bank funds to benefit any private entity.
11. Added the Act shall take effect if and when the proposed amendment of Article VII, Sections 10.3, 14, and 27 of the Constitution of Louisiana contained in the Acts which originated in House Bill Nos. 628 and 629 of the 2014 Regular Session are adopted at the statewide election November 4, 2014.

Digest of Bill as Finally Passed by Senate

Proposed law creates the Louisiana Transportation Infrastructure Bank as an agency of the state, to fund or assist in funding "eligible transportation projects" of public entities through a revolving loan fund, to be capitalized by federal grants, state funds when required or available, and other funds generated by the operation of the fund.

Proposed law provides for a board of directors to include the secretary of the Dept. of Transportation and Development, the state treasurer, the chairmen of the House and Senate committees on transportation, highways, and public works and one representative of the banking industry for a three-year term chosen by the directors from a list of three provided by the Louisiana Banker's Association, one representative of the accounting industry for a

three-year term chosen by the board members of the State Board of Certified Public Accountants of Louisiana, one member appointed by the governor for a three-year term from the board of directors of the Louisiana Good Roads and Transportation Association.

Proposed law authorizes the board to establish, administer, maintain, and operate the fund as the "transportation infrastructure bank" and authorizes the bank to issue and incur debt, to guarantee debt issued by other entities, and to secure the debt of other entities in order to fund eligible transportation projects.

Proposed law provides for the creation of the revolving Louisiana Transportation Infrastructure Fund to be maintained and operated by the board of directors of the Louisiana Transportation Infrastructure Bank so authorized to administer the fund for eligible transportation projects and to use the sums deposited in, credit to, and otherwise received by the bank for the purpose provided therein.

Proposed law provides for the investment by the state treasurer as provided by law for the investment of other state funds.

Proposed law provides for, after compliance with present law, capitalization of the fund to include but not limited to the following:

- (1) Investment by the state treasurer as provided by law for the investment of other state funds.
- (2) 7% of the remainder of avails deposited in the Transportation Infrastructure Trust Fund.

Proposed law requires the board of directors to adopt bylaws for its internal organization and government and to adopt rules and regulations to provide for approval or rejection of loan applications, administration of the bank, and related matters.

Proposed law requires annual reporting of all applications and approved loans to the legislature and any federal agency required by federal law.

Proposed law fully authorizes the bank to review, accept, or deny all loan applications made by any public entity, but requires that all projects have prior approval of the Dept. of Transportation and Development. The department shall have sole discretion, authority, and control over all aspects of the review of any and all construction, engineering, and related technical aspects of such transportation projects.

Proposed law requires the state treasurer to serve as chairman of the board.

Proposed law authorizes the infrastructure banks as follows:

- (1) To sue and be sued.
- (2) To adopt and alter an official seal.
- (3) To approve an executive director.
- (4) To make and execute contracts and other agreements and to receive, administer, and expend grants from the federal government.
- (5) To make loans at or below market interest rates.
- (6) To guarantee loans.
- (7) To provide interest reduction on loans and loan guarantees.

- (8) To make bond interest subsidies.
- (9) To provide bond guarantees to local governments and political subdivisions.
- (10) To assist with nonfederal share of the cost of a local government or political subdivision project.
- (11) To secure bonds or other evidence of indebtedness of proceeds of the bonds are deposited in the fund, are used to pay for a project approved by the department, or are used to refund any obligation the proceeds of which are used to pay for an approved project.
- (12) To improve credit market access.
- (13) To fund programs authorized by the federal government.
- (14) To provide for any other expenditure consistent with the federal grant and state law.
- (15) To enter into contracts with such parties to share costs of operation of the bank.
- (16) To establish fees and charges for administration of the bank.

Proposed law requires that loans made from the fund and any other action by the department on behalf of a transportation project receive State Bond Commission approval.

Proposed law requires investment by the state treasurer of money dedicated to the operation of the infrastructure bank and requires all such interest on investments be credited to the bank.

Proposed law requires that a governing authority of a political subdivision which secures a loan from the fund shall provide a resolution which prescribes the details of the loan and authorizes an officer of the entity to execute a contract in conjunction with the loan.

Proposed law authorizes a political subdivision to dedicate a portion of its revenues for repayment of any portion of the loan.

Proposed law provides for the sale, advertisement, and contesting of bonds, notes, or other evidence of indebtedness of a political subdivision and exempts such bonds, notes, and other evidence of indebtedness from taxation for state, parish, municipal, or other purposes.

Proposed law provides that the debt will not be considered net state tax supported debt for purposes of the debt limitation.

Proposed law provides that funds expended under proposed law shall be exclusively for public purposes to fund eligible transportation projects.

Effective if and when the proposed constitutional amendments contained in the Acts which originated as House Bill Nos. 628 and 629 of this 2014 Regular Session of the Legislature are adopted at the statewide election in November, 2014.

(Amends R.S. 48:77(B)(2); Adds R.S. 32:1801-1806)