



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HCR 6** HLS 21RS 587
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 23, 2021 2:25 PM	Author: ZERINGUE
Dept./Agy.: Flood protection districts and parish governing authorities	Analyst: Alan M. Boxberger
Subject: Directs local contribution toward federal repayments	

FUNDS/FUNDING-BUDGET, ST OR SEE FISC NOTE GF EX Page 1 of 1
 Directs flood protection districts and parish governing authorities in areas benefitting from the federal Hurricane Storm Drainage and Risk Reduction System to contribute towards the \$400 million annual payments the state must make.
Proposed concurrent resolution directs the governing authorities of St. Charles, Jefferson, Plaquemine, St. Bernard, and Orleans Parishes, as well as the Southeast Louisiana Flood Protection Authority - East and the Southeast Louisiana Flood Protection Authority - West Bank to each devise and implement a plan for contributing to the remaining debt owed to the federal government for the Hurricane and Storm Damage Risk Reduction System (HSDRRS) and to report to the legislature by no later than 12/1/21, on their plans and implementation thereof.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW					
Annual Total						
REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./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

EXPENDITURE EXPLANATION

Proposed concurrent resolution may result in a decrease in SGF expenditures and an increase in Local Funds expenditures to the extent that certain parishes and flood protection districts contribute toward debt payments to the federal government associated with the Hurricane and Storm Damage Risk Reduction System (HSDRRS). Participation and total contributions by these entities are speculative and indeterminable.

For informational purposes:

In January 2009, the Coastal Protection & Restoration Authority (CPRA), on behalf of the state, entered into Deferred Payment Agreements (DPAs) with the Department of the Army federal-state cost share of 65%-35% respectively. The agreement deferred payment on the state's 35% cost share for 30 years with an interest accrual of 4.25% during construction from the date of completion of the Lake Pontchartrain & Vicinity (LPV) and the Westbank & Vicinity (WBV) projects. The original completion date was 2011. However, due to delays on the part of the Corps, the project is now expected to be completed in 2021. This 10-year delay has caused a significant accrual of construction interest and delayed the start of the state's payback period.

Currently, the construction costs (principal only) are estimated to be \$1.14 B and accrued construction interest is estimated to be \$576 M. In December 2020, Congress authorized forgiveness of the construction interest charged if:

- LA makes an initial principal payment of \$400 M prior to 9/30/21 (\$200 M each for LPV and WBV).
- The remaining principal is paid by 9/30/23.

If the state does not make the initial payment before 9/30/21, the repayment will default to a 30-year payback with interest at 4.375% with an annual estimated payment of \$101 M, for a total repayment of \$3 B including interest.

REVENUE EXPLANATION

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

<p><u>Senate</u></p> <p><input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}</p> <p><input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}</p>	<p><u>House</u></p> <p><input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}</p> <p><input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}</p>	
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Christopher A. Keaton
Legislative Fiscal Officer