# LEGISLATIVE FISCAL OFFICE
## Fiscal Note

Fiscal Note On: **SB 780** SLS 08RS 1836
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

**Date:** June 11, 2008 3:20 PM
**Author:** CROWE
**Dept./Agy.:**
**Subject:** La. International Deep Water Gulf Transfer Terminal Auth.
**Analyst:** Evan Brasseaux

PORTS/HARBORS/TERMINALS RE INCREASE SG EX See Note 
Creates the LA International Deep Water Gulf Transfer Terminal Authority. (7/01/08)

The proposed legislation creates the LA. International Deep Water Transfer Terminal Authority as a political subdivision of the state, possessing full corporate powers to promote, plan, finance, develop, construct, control, license, regulate, supervise, operate, manage, maintain, and/or modify offshore or onshore terminal facilities to be constructed within the jurisdiction of said authority (lower end of the east bank at Southwest Pass in Plaquemines Parish) after July 1, 2008 in order to position Louisiana as an international hub for cargo ships, including super-sized cargo ships. The authority shall have the right to acquire by permit, lease, sublease, license, grant, purchase or otherwise, water bottoms, wetlands, and lands, inside and outside of the territorial limits of the state of Louisiana, for the construction, operation, and maintenance of the facilities functionally required, related, necessary, or useful to the authority development program. Authority shall be governed by a board of ten commissioners who shall serve without compensation but shall be reimbursed for travel expenses incurred in attending meetings at rates and standards as promulgated by the division of administration. (Continued on page 2)

| **EXPENDITURES** | **2008-09** | **2009-10** | **2010-11** | **2011-12** | **2012-13** | **5 -YEAR TOTAL** |
|---|---|---|---|---|---|---|
| State Gen. Fd. | $0 | $0 | $0 | $0 | $0 | **$0** |
| Agy. Self-Gen. | INCREASE | INCREASE | INCREASE | INCREASE | INCREASE | |
| 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** |

| **REVENUES** | **2008-09** | **2009-10** | **2010-11** | **2011-12** | **2012-13** | **5 -YEAR TOTAL** |
|---|---|---|---|---|---|---|
| State Gen. Fd. | $0 | $0 | $0 | $0 | $0 | **$0** |
| Agy. Self-Gen. | INCREASE | INCREASE | INCREASE | INCREASE | INCREASE | |
| 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**

The proposed legislation will result in a significant but indeterminable increase in expenditures. The LFO cannot determine an ongoing funding source for the operations of this entity. While provisions of this legislation provide for the issuance of debt, it is unclear as to whether this is intended to fund ongoing operations of the Authority until the terminal facility begins its operations and generates revenue which will fund these costs.

The board of commissioners of the authority shall select an executive director and may employ on a contract basis such other agents, employees, and professional employees, permanent and temporary, as he may require to operate this entity. The authority may also employ such engineers, accountants, attorneys, other professionals, and agents as may be necessary. The authority is also allowed to lease state-owned water bottoms as sites for terminal facilities at a rate of one dollar per acre per annum. In addition, the authority may borrow funds for the business of the authority, contract with agencies to provide for public utilities, take steps to protect Louisiana's coastal environment, and purchase machinery and equipment related to the operation of deep draft container vessels. The LFO cannot determine the potential impact but anticipates these costs are significant.

**REVENUE EXPLANATION**

The proposed legislation is anticipated to increase revenues by an indeterminable amount to the newly created Louisiana International Deep Water Gulf Transfer Terminal Authority. Revenue may be generated from rates, fares, tolls, leases, or charges for the services and terminal facilities within the authority's jurisdiction and the issuance of licenses, certificates and permits for the construction and maintenance of terminal facilities or use of services or terminal facilities subject to the authority's jurisdiction. The LFO cannot quantify the revenues which may be generated through each of these sources or when such revenue generation may begin.

Senate Dual Referral Rules

[x] 13.5.1 >= $500,000 Annual Fiscal Cost

[x] 13.5.2 >= $500,000 Annual Tax or Fee Change

House

[x] 6.8(F) >= $500,000 Annual Fiscal Cost

[x] 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease

Robert E. Hosse

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**LFO Staff Director**

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**CONTINUED EXPLANATION from page one:**



Explanation ctd.

Notwithstanding any other law to the contrary, no construction or development project of the authority, or related to the authority, shall be eligible for inclusion in, and the authority shall receive no funds from, the Port Construction and Development Priority Program.

To enable the authority to perform this work, the state of Louisiana, acting by and through the commissioner of administration as register of state lands, is authorized to grant to the authority a lease on state-owned lands and water bottoms which are requested by the authority as sites for terminal facilities if approved by the House and Senate Committees on Transportation, Highways, and Public Works. The mineral rights on any and all state lands shall be reserved to the state of Louisiana. The register of state lands shall lease the selected tracts to the authority for one dollar per acre per annum. All proceeds arising from the transfer of such leases of state-owned lands and water bottoms shall be paid by the authority to the state treasurer and shall become part of the general fund of the state.

The authority may negotiate with and enter into contracts, compacts, or other agreements with agencies, bureaus, or other divisions of the federal government or other states of the United States concerning the authority development program, including jurisdictional aspects of the location of any terminal facilities constructed or acquired after July 1, 2008, and promulgation and enforcement of regulations governing authority operations.

The executive director may employ on a contract basis such other agents, employees, and professional employees, permanent and temporary, as he may require and shall determine their qualifications, duties, and compensation. The authority shall have the power to employ such engineers, accountants, attorneys, other professionals, employees, and agents as may be necessary and advisable, and to fix their compensation on a contract or other appropriate basis. The authority may acquire by expropriation title to any real property, leaving the ownership of any minerals or mineral rights in the former owners. May own, construct, operate, maintain and lease docks. The authority may purchase machinery and equipment related to the operation of deep draft container vessels and intermodal terminal facilities, including but not limited to container cranes. The authority shall fix reasonable rates, fares, tolls, or charges for the services and terminal facilities within the authority's jurisdiction. The authority is authorized to incur debt and issue bonds and other debt instruments. The authority is also authorized to issue negotiable bonds or other debt instruments for any purpose within its delegated authority.

The authority is empowered to take all necessary steps to protect Louisiana's unique coastal environment from any short-term or long-term damage or harm which might occur from any aspect of the authority development program.

Senate Dual Referral Rules

[x] 13.5.1 >= $500,000 Annual Fiscal Cost

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