

DIGEST

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SB 277 Reengrossed

2022 Regular Session

Cortez

Present law (R.S. 48:77) provides that a portion of the taxes collected from the taxable sale, use, or lease of motor vehicles, after satisfying the requirements of the Bond Security and Redemption Fund, shall be deposited into the Construction Subfund (subfund) of the Transportation Trust Fund. Provides that for FY 2023-2024, 30% of such avails shall be deposited into the subfund and for FY 2024-2025 and thereafter, 60% of such avails shall be deposited into the subfund.

Proposed law retains present law but adds the Megaprojects Leverage Fund created in proposed law as an additional fund for deposit of the dedicated portion of the taxes collected from the taxable sale, use, or lease of motor vehicles.

Present law provides that in any fiscal year beginning with Fiscal Year 24-25, if the Revenue Estimating Conference revises the Official Forecast resulting in a decrease of \$100 million or more from the Official Forecast at the beginning of the current fiscal year, the amount of avails deposited into the subfund may not exceed \$150 million for that fiscal year. Proposed law repeals present law.

Present law provides that no debt shall be issued which in the aggregate exceeds \$150 million that is secured by monies deposited into the subfund. Proposed law repeals present law.

Proposed law (R.S. 48:77.1) creates the Megaprojects Leverage Fund in the state treasury and directs the state treasurer to deposit into the Megaprojects Leverage Fund 75% of the portion of the avails of the tax on the sale, use, or lease of motor vehicles dedicated pursuant to present law (R.S. 48:77).

Proposed law creates four special accounts in the Megaprojects Leverage Fund, into each of which shall be deposited 25% of the amount deposited into the Megaprojects Leverage Fund each year as well as any other monies appropriated to each special account each year. The four special accounts are the I-10 Calcasieu River Bridge and I-10 Improvements Account, the I-49 South Leverage Fund Account, the Mississippi River at Baton Rouge and Connections Account, and the I-49 North Leverage Fund Account. Provides that if a project is completed and issued final acceptance and any outstanding debt secured by the special account has been paid or defeased, no more deposits shall be made into that account and any monies in that account shall be divided equally between the remaining accounts that are eligible to receive deposits.

Proposed law provides that, if prior to the issuance of bonds for the project, the secretary of the Dept. of Transportation and Development (DOTD) determines it is not within the best interests of the state to proceed with a project for which an account has been created in proposed law, he may submit a request to the House and Senate Committees on Transportation, Highways and Public Works not to proceed. If the committees approve the request, proposed law provides that no more deposits shall be made into that account and any monies that would have been deposited in that account shall be divided equally between the remaining accounts that are eligible to receive deposits. Further provides that within 30 days of the committees' approval, the unexpended and unencumbered balance in the account is to be divided equally between the remaining accounts that are eligible to receive deposits.

Proposed law provides that once all projects described in present and proposed law have either been completed and issued final acceptance or the secretary's request not to proceed with the project has been approved, and any outstanding debt issued pursuant to proposed law has been repaid or defeased, then no further deposits shall be made into the Megaprojects Leverage Fund.

Proposed law requires DOTD to obtain approval from the Joint Legislative Committee on the Budget before entering into a public-private partnership with respect to one of the four megaprojects.

Proposed law provides for the investment of monies in the fund.

Proposed law provides that monies in the fund shall be appropriated only for (1) debt service on bonds issued pursuant to proposed law and (2) transfer to the Construction Subfund for certain projects enumerated in present and proposed law. The present and proposed law projects eligible for funding pursuant to proposed law are:

- (1) Replacement of the I-10 Calcasieu River bridge and I-10 improvements from the I-210 interchange west of the river to the I-210 interchange east of the river.
- (2) Upgrades to US 90 to interstate standards from the I-10 and I-49 interchange from Lafayette to New Orleans.
- (3) A new Mississippi River Bridge at Baton Rouge with freeway-level connections from I-10 west of Baton Rouge to I-10 east of Baton Rouge on LA Highway 1 and LA Highway 30.
- (4) Upgrades to I-49 North where I-49 is not yet upgraded.

Proposed law provides for the issuance of bonds secured by the motor vehicle sales and use tax deposited into the Megaprojects Leverage Fund, provided that the total amount of funds pledged shall not exceed \$25 million per year from any of the four accounts created in proposed law. Proceeds of the bonds shall be deposited into the subfund.

Proposed law provides for the creation of the Motor Vehicle Sales and Use Tax Bond Fund, to be administered by a trustee selected by the State Bond Commission (commission), into which shall be deposited such portion of the motor vehicle sales and use taxes that are taxable and transferred to the commission.

Proposed law provides that the bond resolution may contain provisions respecting: custody of the bond proceeds; investment of the motor vehicle sales taxes; credit enhancement devices for the bonds; the collection, custody, and use of the pledged revenues or other monies pledged therefor; reserves, sinking funds and other funds; covenants for the establishment of pledged revenue coverage requirements of the bonds; the issuance of additional parity or subordinate bonds; and covenants deemed necessary in order to better secure the bonds. Provides that the bonds are negotiable instruments, a valid and binding pledge, and exempt from state taxation.

Proposed law provides that the bonds issued pursuant to proposed law shall not be full faith and credit obligations of the state.

Proposed law provides that the bond resolution shall set forth the series, date, maturities, interest rates, redemption terms and priority on revenues. Bonds may be sold by competitive bid or negotiated sale. Proposed law provides for a 30 day preemption period.

Proposed law provides that the bonds shall not be included as "net state tax supported debt" pursuant to present law (R.S. 39:1367).

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 48:77(A) and 77(C)(intro. para.); Adds R.S. 39:1367(E)(2)(b)(ix) and R.S. 48:77.1 and 77.2; Repeals R.S. 48:77 (B) and (E))

Summary of Amendments Adopted by Senate

Senate Floor Amendments to engrossed bill

1. Repeals the limitation in present law that provides that in any fiscal year beginning with FY 24-25, if the REC revises the Official Forecast resulting in a decrease of \$100 million or more from the Official Forecast at the beginning of the current fiscal year, the amount of avails deposited into the subfund may not exceed \$150 million for that fiscal year.
2. Removes the limitation that if the Official Forecast of the REC of state general fund revenues for the current FY are decreased by \$100 million or more from the original Official Forecast, the state treasurer shall only deposit \$112,500,000 into the Megaprojects Leverage Fund.
3. Adds a requirement that before DOTD enters into a public-private partnership with respect to one of the four megaprojects, they obtain approval from the Joint Legislative Committee on the Budget.
4. Makes technical changes.

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Appropriations to the reengrossed bill:

1. Add provisions specifying that the LA Highway 1 and LA Highway 30 connectors are part of the Baton Rouge bridge project pursuant to proposed law.
2. Add provisions removing bonds issued pursuant to proposed law from the calculation of "net state tax supported debt".
3. Add provision specifying that the portion of tax avails dedicated pursuant to present law to the Construction Subfund of the Transportation Trust Fund is also dedicated to the Megaprojects Leverage Fund created in proposed law.
4. Add provisions allowing monies that would otherwise be deposited into an account created in proposed law to be diverted to other accounts in the event the secretary of the Dept. of Transportation and Development determines that it is not in the best interests of the state to proceed with the project associated with that account and submits a request not to proceed with the project to the House and Senate Committees on Transportation, Highways and Public Works, which both approve that request.
5. Make technical changes.