

POLICY BRIEFING

Bridging the Gap: The Louisiana State Transportation Infrastructure Bank

What is the Louisiana State Transportation Infrastructure Bank?

- The purpose of the Louisiana State Transportation Infrastructure Bank (the Bank) is to **select and assist in financing eligible transportation projects** by providing low-interest loans and other financial assistance to municipalities, parishes, and other public entities
- The Bank would administer a revolving loan fund – as loans are repaid, the return would be loaned out for other projects
- By offering favorable financing terms, the **Bank is intended to lower the cost of projects**, which could stimulate more **public-private partnerships**
- Savings would be realized by avoiding the cost of going to the bond market and incurring related attorney costs and other fees
- **The model has worked well in other states, including South Carolina**

When was the Bank created?

- Act 431 of 2015 (HB 767, St. Germain) established the Bank within the Department of the Treasury
- Prior to 2015, Louisiana had a State Infrastructure Bank in statute, but **it was never funded** or well organized

How does the model work elsewhere?

- The framework for Louisiana's Bank is modeled on infrastructure banks in other states, such as South Carolina
- However, unlike Louisiana's Bank, the South Carolina Transportation Infrastructure Bank (SCTIB) is well funded
- Since its inception in 1997, the SCTIB has leveraged approximately \$2 billion of its funding to complete **more than 100 projects**, totaling about **\$5.3 billion in infrastructure investment** across the state
- One Acadiana visited Charleston, SC in October 2015 for our first inter-city "Leadership Exchange" program
- Charleston is experiencing tremendous economic growth, thanks in part to its focus on infrastructure investment
- The \$632 million Arthur Ravenel Jr. Bridge is a great example of such an investment
- Without a \$325 million commitment from the SCTIB, matched by about \$75 million in local revenues from a dedicated sales tax, the project would not have secured the federal match to move forward

What is the role of the Treasurer?

- While Act 431 of 2015 created the Bank, separate legislation was needed to establish a funding mechanism
- To that end, in Nov. 2015, Louisiana voters approved Constitutional Amendment No. 2, authorizing the State Treasurer to invest existing state funds into the Bank
- **To date, however, the Treasurer has not exercised this authority, and the Bank remains unfunded**
- The Treasurer (or his/her designee) is also charged with serving as chairperson of the Bank's seven-member board of directors
- The board signs off on the Bank's loans and other financial assistance. It must set rules and regulations for the Bank's activities
- Act 431 requires the board to be staffed by the Department of the Treasury

Why is this issue important?

- Louisiana has a backlog of more than \$13 billion in deferred needs on our existing transportation system, with an additional \$10.5 billion needed for priority megaprojects like I-49 South
- To make matters worse, as early as 2019, without additional state revenue, Louisiana may lose the ability to meet the required match for full federal funding, **leaving millions on the table for other states**
- With 2018 and 2020 being non-fiscal legislative sessions, and 2019 being an election year, there is limited opportunity on the horizon to raise new state revenue
- **The Louisiana State Transportation Infrastructure Bank provides a method for bridging the gap without raising taxes**

What Treasurer candidates are saying...

If elected Treasurer, would you make the capitalization and operation of the Louisiana State Transportation Infrastructure Bank one of your initial priorities?

“As State Treasurer, I’ll make the capitalization and operation of the Louisiana State Transportation Infrastructure Bank a top priority. We must use all the tools available to us to complete infrastructure projects, such as the I-49 South corridor from Lafayette to New Orleans, so we can energize our economy by increasing commerce from our ports. That includes allowing citizens and their local leadership to utilize tolls as part of their financing plans instead of raising gasoline taxes.”

—Angele Davis

“Absolutely. The model has proven to be a very useful tool for other states, such as South Carolina, which has used the bank as a means to fund key infrastructure projects as identified by its Department of Transportation. Use of the Infrastructure Bank in Louisiana will not require any new or increased taxes. The legislature can use an infusion of money to fund the bank, or the Treasury could possibly use a portion of unclaimed property money as one of its funding sources. The voters approved this measure two years ago, and we should be using it. This tool will go a long way in helping stem the multi-billion dollar backlog of infrastructure and transportation projects in Louisiana like the I-49 Connector in Lafayette.”

—John Schroder

** Other Treasurer candidates were contacted, but have yet to respond.*