
REPORT TO THE GOVERNOR:

**SUSTAINABLE SOLUTIONS FOR MULTIMODAL
TRANSPORTATION INFRASTRUCTURE IN
LOUISIANA**

REPORT

PREPARED BY

**THE GOVERNOR'S TASK FORCE ON TRANSPORTATION
INFRASTRUCTURE INVESTMENT**

DECEMBER 2016

Executive Summary

Pursuant to the charges of JBE 2016-23, the Governor’s Task Force on Transportation Infrastructure Investment (Task Force) worked diligently over a six-month period to determine what must be done to address Louisiana’s vast multimodal transportation issues. Through the course of six formal meetings at the capitol and by attending eight regional meetings across the State hosted by economic development organizations and metropolitan planning organizations, the Task Force studied the complexities of Louisiana’s transportation needs and the project delivery process; received national expert testimony on transportation financing; and received feedback from communities across Louisiana. Based on its findings, the Task Force adopted nine resolutions that together make the actionable recommendations necessary to fulfill JBE 2016-23’s charge. This report provides an overview of the information studied by the Task Force and other key findings that led to the adoption of nine resolutions.

The recommendations in this report deliver a balanced solution to the myriad of competing goals and objectives for the Louisiana transportation system of the future. JBE 2016-23 clearly identified the mission of the Task Force. However, in order to provide direction and context for the development of actionable recommendations, the following *guiding principles*, consistent with the Governor’s intent and feedback from regional meetings, were adhered to by the Task Force:

1. **Fix the Problem** – The transportation plan moving forward must be bold and aggressive as the problem is large and acute. Nibbling around the edges with an incremental increase in infrastructure investment will not fix the problem and will erode public trust. The return on the citizen’s investment must be substantial to meet expectations, and the solution must also be sustainable. A one-time infusion of funding does not provide for a transportation system that will address the needs of the future.
 - a. Resolutions A, B, C, and D specifically address this principle by recommending a level of investment that will provide adequate funds to improve and maintain the transportation system in Louisiana.
 - b. Resolution F recommends a policy improvement (indexing) to specifically address a sustainable solution to ensure the state will not fall behind in the future.
2. **All new revenue must be dedicated to transportation** – New revenues must be spent delivering transportation projects in Louisiana. Retain legislative authority to prioritize each year based on needs, such as more system preservation and backlog reduction in the initial years, while preconstruction activities on capacity and Category A and B Megaprojects are underway.
 - a. Resolution E recommends the use of existing procedures for allocating investment in categories codified in the Louisiana Statewide Transportation Plan (LSTP) and is consistent with the statutory Highway Priority Program. As such, the Task Force is recommending new revenues be a dedicated source for transportation funding.
3. **Don’t unnecessarily reinvent the wheel** – The LSTP is comprehensive and extensively vetted. The plan meets federal standards, addresses the multi-modal needs, and establishes a framework and organization for the consistent discussion of needs, priorities, and solutions.
 - a. Resolution A recommends revenue generation consistent with one of the LSTP potential funding scenarios.
 - b. Resolution E specifically recommends the use of categorical spending, which is consistent with the LSTP’s approach to allocating new revenues.

4. **Ensure infrastructure improvements will promote and enhance economic development** – Over \$100 billion in industrial expansion is planned in Louisiana. Infrastructure must facilitate freight movement and mobility in support of this forthcoming investment, as well as the vast industrial facilities that currently exist in Louisiana. Investment must provide additional infrastructure for planned population increases to support livable communities, quality of life, and attract additional business development.
 - a. Resolution E addresses economic development as part of the plan.
5. **Support greater authority and control of project and investment decisions at the local level** – Metropolitan Planning Organizations (MPOs), Economic Development Organizations, and local governments want greater input and control over investment decisions in their respective areas. Continue efforts to support regional priorities and the road exchange program. Consider DOTD Districts as MPOs for the rural parishes in each district. Incentivize local investment to match state and federal funds.
 - a. Resolution E recommends additional investment in the Local Programs category.
6. **Leverage the use of all available tools for infrastructure investment** – Louisiana has existing enabling legislation to develop additional toll facilities, operate a State Infrastructure Bank (SIB) once capitalized, enter into Public Private Partnerships (P3), and employ the full spectrum of alternative delivery means to expedite project completion. Current best practices are available and should be encouraged.
 - a. Resolutions G, H, and I specifically recommend support for all innovative and alternative methods of infrastructure investment and delivery.
7. **Employ a balanced approach to investment allocation** – True investment solutions must be comprehensive, inclusive, and strategic in addressing vast multimodal transportation needs.
 - a. Resolutions A through I all contribute to this principle, achieving a prudent balance among the following competing priorities, which include:
 - i. *Backlog of needs*: we must preserve and take care of the system we have. This refers primarily to the surface transportation system of roads and bridges, which are crucial to both rural and urban areas. This current backlog of needs is \$13.1 billion.
 - ii. *Timely congestion relief and capacity enhancement*: quickly finance Category A and B Megaprojects to provide significant additional capacity to relieve congestion.
 - iii. *Economic development enablers*: support the current and future projected investment in industrial expansion in Louisiana.
 - iv. *Quality of life*: improve safety and make travel times more efficient through congestion mitigation and strategic pursuit of complete street and enhancement projects that are pedestrian friendly.
 - v. *Multimodal*: Louisiana must capture the synergistic effects of connecting its highway, rail, port, waterway, and airport assets. Creating alternatives that enhance mobility of people and goods will define successful state economies in the future.

- vi. *Urban and rural*: service to all citizens, businesses, and areas of the state is essential to enhance our agriculture markets and growing urban populations.
- vii. *Sustainable Financing*: seek out recurring, reliable sources of revenue for transportation and utilize some combination of debt, user-fees, private investment, and “pay-as-you-go” methods to leverage favorable market conditions and accelerate delivery of projects and benefits.
- viii. *Innovative Financing, Project Delivery*: leverage tolling and P3 opportunities with State investment, thereby, offsetting total costs with private investment and corridor or structure-specific user fees.

The Task Force was very diligent and thoughtful in formulating the recommendations that were adopted by resolution and are expanded upon in this report. If enacted together, Louisiana’s multimodal transportation issues will be addressed in a timely, efficient manner that delivers meaningful economic benefits and will improve the overall quality of life for the citizens of this State. The Task Force stands ready to be of assistance to the Administration in its effort to enact sustainable solutions for multimodal transportation infrastructure in Louisiana.

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Section 1.0: The Call

Subsection 1.1: JBE 2016-23

In the months between inauguration day and the conclusion of the 2016 Regular Legislative Session, several policy decisions were made to improve Louisiana's multimodal transportation system. These administrative and legislative actions underscored the Edwards administration's commitment to transportation, and included the following:

- Ending Louisiana State Police's (LSP) reliance on the Transportation Trust Fund (TTF)
- Doubling the investment in the Port Priority Program
- Prioritizing transportation projects in the capital outlay process
- Enacting legislation to focus Public-Private-Partnership (P3) financing opportunities to critical needs while authorizing the state to be more strategic by enabling DOTD to solicit such partnerships
- Successfully competing against other states for a \$100 million federal FASTLANE grant award

Collectively, these efforts have ensured proper use of existing transportation revenues and positioned Louisiana to deliver major system enhancements should additional revenue be made available. Following these actions, Executive Order JBE 2016-23¹ was issued on June 7, 2016, creating the Governor's Task Force on Transportation Infrastructure Investment. Unlike efforts of previous governors and legislatures that focused on how the State *could* better invest in transportation, the Task Force was charged with identifying and recommending how the State *should* invest in transportation. More specifically, this diverse 18-member task force of leaders from various sectors of the public and private sector was charged with researching, identifying, and making specific actionable recommendations to sufficiently maintain the existing transportation system and finance the construction of Category A and B Megaprojects outlined by the Louisiana Statewide Transportation Plan. The order required a report be completed on or before January 1, 2017.

Subsection 1.2: Task Force Membership

Pursuant to JBE 2016-23, the following members were named as members of the Task Force:

- Shawn D. Wilson, DOTD Secretary (Co-Chair)
- John Basilica, Member At-Large (Co-Chair)
- Greg Morrison, Member At-Large
- John Alario, Senate President
- Taylor Barras, Speaker of the House
- Page Cortez, Chairman of Senate Transportation Committee
- Kenny Havard, Chairman of the House Transportation Committee
- Jay Dardenne, Commissioner of Administration
- Kim Robinson, Secretary of Louisiana Department of Revenue
- Ann Trappey, Economic Development Representative
- Wyly Gilfoil, Economic Development Representative

¹ A copy of JBE 2016-23 can be found online at <http://gov.louisiana.gov/assets/ExecutiveOrders/JBE16-23.pdf>.

- Jared Brossett, Economic Development Representative
- John Gallagher, Louisiana Municipal Association
- Roland Dartez, Louisiana Police Jury Association
- Reldon Owens, Louisiana Blue Print
- Robert Scott, Public Affairs Research Council
- Tom Yura, Louisiana Chemical Association
- Ken Naquin, Associated General Contractors

Section 2.0: Understanding Transportation

Section 2.1: Federal-State Dynamic

In the United States, transportation is funded through a combination of federal and state revenues. Specifically, the federal Highway Trust Fund (HTF) is capitalized by a federal excise tax on motor fuel. The federal government does not construct or maintain transportation systems, but instead allocates revenue from the HTF to states. The federal government invests HTF revenue in states that demonstrate a financial commitment and an ability to deliver a transportation system that meets the many safety-oriented, science-based requirements for construction and maintenance of a transportation system in the United States. States make this demonstration by matching HTF revenue and funding state departments of transportation with sufficient engineering, operations, and maintenance expertise and capability to meet the wide-ranging federal requirements and performance indicators.

In the State of Louisiana, transportation is funded primarily through an excise tax on motor fuel that is dedicated to the Transportation Trust Fund (TTF) for exclusive use on transportation. The State utilizes TTF revenue as state match for HTF revenues and meets all other federal requirements by funding the operations of the Louisiana Department of Transportation and Development (DOTD), including its expert labor force and costs associated with operating and maintaining the State's vast multimodal transportation system.

The federal and state excise tax on motor fuel is a "user-fee" in its purest form. Consisting of a per-gallon tax rate on the consumption of fuel, the benefit of an excise tax is that it escapes the volatility of fuel prices on which revenues from a sales tax would be based. The downside to an excise tax on motor fuel is that increases in total revenue generated only occurs based on increases in overall fuel consumption. Inherently, this means that transportation revenues only increase when more people use the transportation system. As such, the nation's continued development and growing population causes modest increases in revenue for transportation over time, but the per-capita contribution is lessened by fuel economy enhancements and the effects of inflation on the fixed per-gallon rates.

Section 2.2: The Federal Motor Fuel Tax

The primary source of revenue for the HTF, the federal motor fuel tax, has been increased on only four occasions since being established in 1956. The current rates of 18.4 cents per gallon on gasoline and 24.4 cents per gallon on diesel fuel were established in 1993. Revenues from the HTF are allocated to states by formula, provided states can meet the aforementioned requirements, including that of state match.

Starting in 2007, the rate of growth in federal motor fuel tax revenues began to slow and was no longer sufficient to meet the commitments for the HTF. Congress has subsidized the HTF with federal general fund revenue for the last several years. While this approach has prevented a major disruption in construction lettings nationwide, it is not a sustainable financing mechanism for the HTF.

Pertaining to this issue, Executive Director of the American Association of State Highway and Transportation Officials (AASHTO) Bud Wright has stated that the HTF "serves as the backbone of our

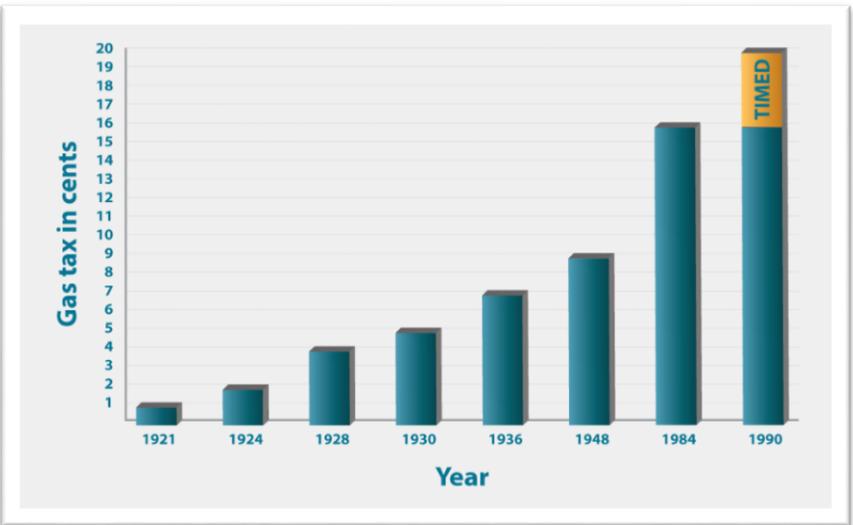
federal transportation program [and] has been experiencing severe cash shortfalls for the past decade. Identifying a long-term, sustainable revenue solution to fix the trust fund is the most pressing transportation challenge that we face at the national level today.”

While in no way a solution to the financial troubles of the HTF, there has been a trend on the federal level toward project-specific competitive grants financed by the federal general fund. To be competitive for these opportunities, states must have advanced projects to a shovel-ready status with state funds to match the federal award. This does not bode well for states like Louisiana that have very limited funds available for match. Additionally, discretionary dollars are typically aligned with national transportation policies.

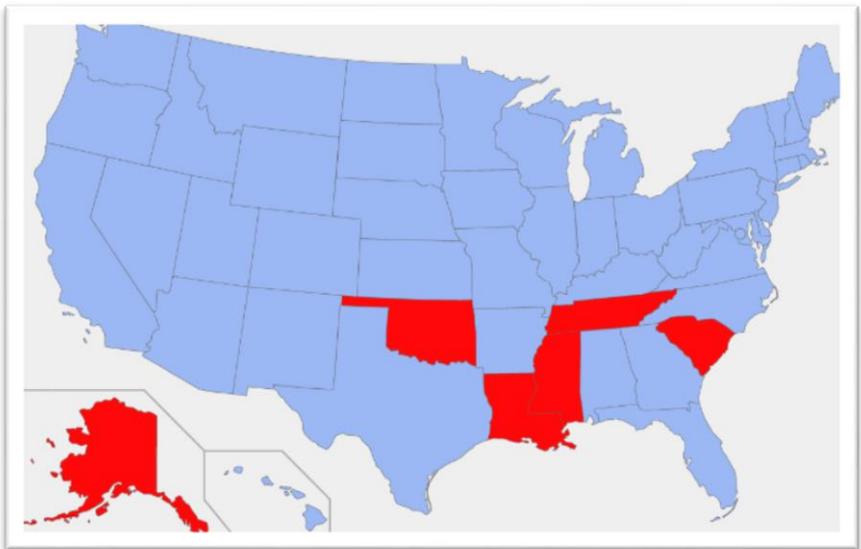
Section 2.3: The State Motor Fuel Tax

Established in 1921, Louisiana’s motor fuel tax has been adjusted numerous times, with the latest increase being done in 1990 as depicted in Graphic A². Most alarming in analyzing the history of the motor fuel tax is the growing gap in the time between adjustments. This has led to a tremendous backlog of needs to accrue at an accelerating rate, which will continue if not addressed. Without more timely adjustments, the rate and actual deterioration of the State’s transportation system will only increase. As depicted in Graphic B, 44 states have acted more recently than Louisiana to mitigate the effects of inflation and fuel economy on their motor fuel

Graphic A: 27 Years without a Motor Fuel Tax Increase in Louisiana



Graphic B: 44 States have Increased Motor Fuel Taxes to Address Loss of Purchasing Power Since 1990 when Louisiana Last Acted

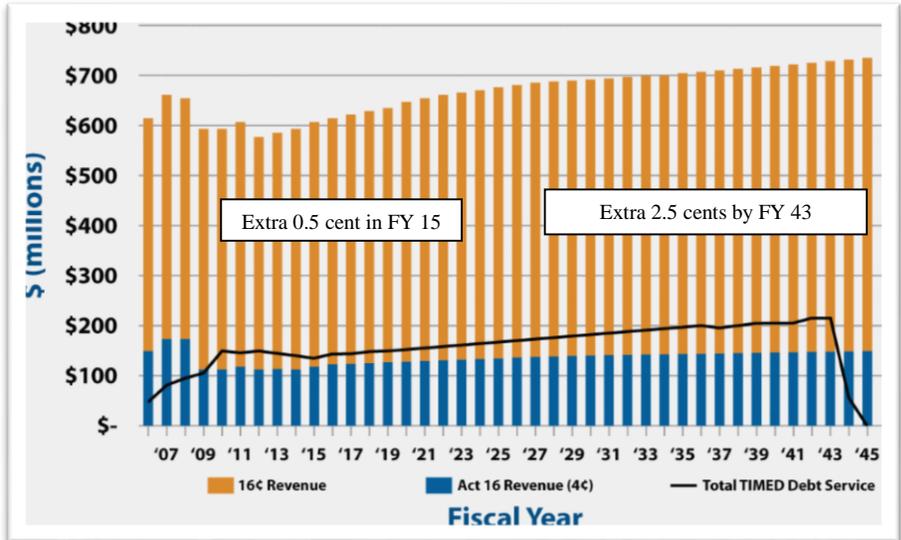


² On average, increases to the state motor fuel tax have occurred every 9.85 years. These periodic increases occurred when the revenue went to the state general fund without any certain dedication to transportation. Counterintuitively, no increases have occurred since the revenue was dedicated to transportation in 1990.

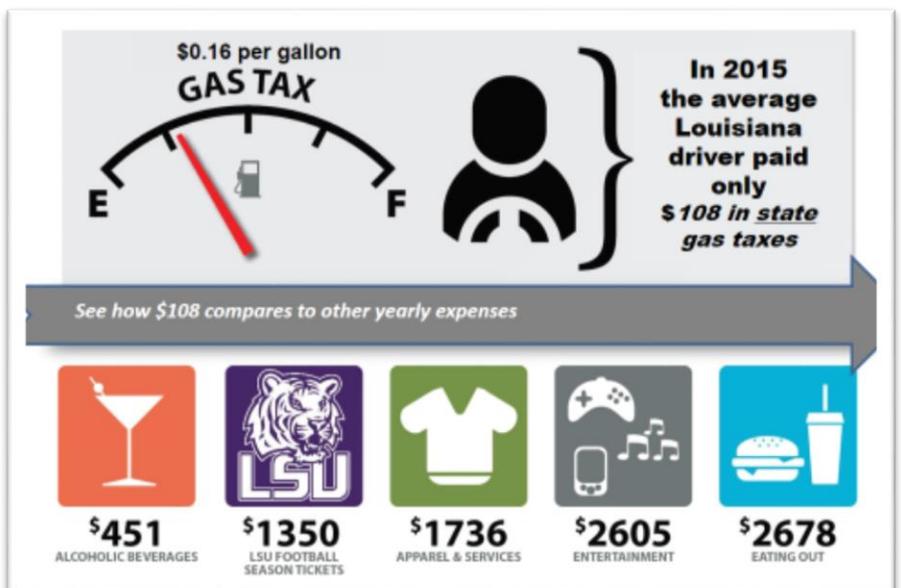
taxes. For Louisiana to have a safe, reliable transportation system that limits congestion and facilitates economic growth, it cannot stay among the six states that have failed to act since 1990.

The motor fuel tax rate is divided into two categories: a 16 cent tax that was established in 1984 and an additional 4 cent tax that was added in 1990 dedicated solely for the completion of 16 projects in the Transportation Infrastructure Model for Economic Development (TIMED) program. The four cents were bonded out to finance the 16 TIMED projects, though the revenue generated was insufficient to cover the cost of all 16 projects. As a result, two projects remain unfunded and the four cents are dedicated to debt payments through 2045 as depicted in Graphic C. With the four cents dedicated to debt service on TIMED projects, the effective motor fuel tax rate in Louisiana is the 16 cents established in 1984, which means that each year the average Louisiana driver only contributes \$108 as depicted by Graphic D. In order to meet the TIMED debt requirements, Louisiana must take funds from the 16 cents that should be used to match federal funds and deliver new transportation projects to address the debt³. That amount is nearing one cent of the 16 cents today, but will grow each year until 2045, as illustrated in Graphic C.

Graphic C: TIMED Debt Costs
More than the 4 Cents Dedicated, Increases Over Time



Graphic D: Louisiana Drivers Only Pay \$108 Per Year



Also in 1990, the 16 and 4 cents were constitutionally dedicated by a vote of the people to the TTF (Transportation Trust Fund) to ensure use on transportation. To expand on the allowable uses of the TTF, the Louisiana Constitution places strict limitations on its use, dedicating such funds solely and exclusively for costs associated with construction and maintenance of roads and bridges on the

³ With the 4 TIMED cents committed to debt, the effective tax rate in Louisiana is 16 cents which equates to \$108 per year. 1 of the 16 cents is also going to TIMED debt, and that amount will grow over time until 2044.

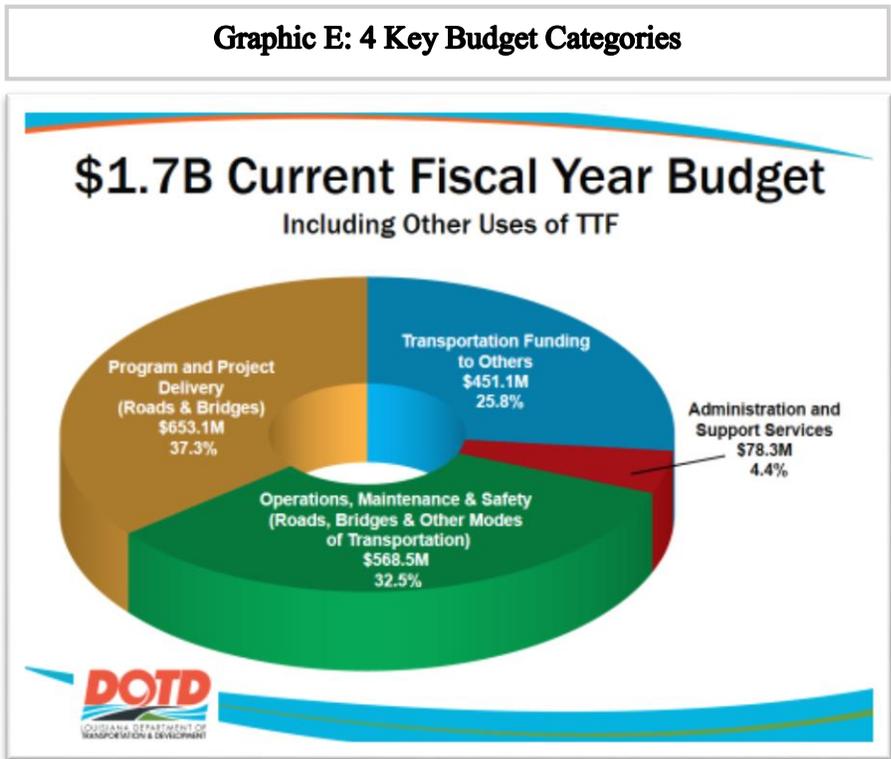
following: the state and federal highway systems⁴; the Statewide Flood-Control Program; ports; airports; transit; state police for traffic control purposes; the Parish Transportation Fund; and debt services associated with construction bonds. More specifically, the Louisiana Constitution requires that appropriations from the TTF for ports, the Parish Transportation Fund, the Statewide Flood-Control Program, and state police for traffic control purposes not exceed 20 percent of TTF revenues annually, though no less than one cent of the motor fuel tax is to be appropriated to the Parish Trust Fund.

⁴ At the request of the Louisiana Legislature, Attorney General Opinion No. 89-679 was issued on March 7, 1990, stating that “...salaries and related benefits of the employees of DOTD whose work is directly related to highway programs or other programs may be funded out of the Transportation Trust Fund, and the necessary administrative costs associated therewith.”

Section 3.0: Allocation of Funds

Section 3.1: Annual Budget

One of the greatest challenges facing DOTD is correcting misstatements and misrepresentations that are made regarding the use of the TTF. To be clear, the facts do not support claims of misuse and waste. As illustrated in Graphic E, DOTD's annual budget is divided into four key categories that demonstrate how HTF and TTF revenues are invested in Louisiana's transportation system. This categorization is not unique and is aligned with the federal government, the State's only other principal investor.



Only 4.4 percent of DOTD's budget is dedicated to "administration & support services⁵," which includes staff costs associated with executive level oversight and administrative supervision of the various business support functions of DOTD. These functions include the Compliance Program, Human Resources, Information Technology, Budget, Finance, Procurement, Enterprise Support Services, Legal, Audit, and Quality and Continuous Improvement. This category is funded with approximately 86 percent state funds and 14 percent federal funds.

25.8 percent DOTD's budget can be described as "transportation funding to others," which includes certain multimodal programs such as ports, aviation, freight, transit, and public works. This category also includes funding for local Metropolitan Planning Organizations and debt service on past bond programs used to finance highway construction projects. This category is funded with approximately 80 percent state funds and 20 percent federal funds. However, as described in Subsection 2.3 and illustrated in Graphic C, the nature of debt service is such that payments increase over time until fully repaid, requiring additional state funds each year to be taken away from the other budget categories. Bond issuances are an effective way to deliver specific projects but must be used responsibly to prevent cannibalization of recurring funds necessary to fund transportation statewide.

32.5 percent of DOTD's budget is considered "operations and maintenance," which includes non-administrative activities like roadway repair and maintenance such as: pothole patching, mowing, ditch cleaning, striping, signal repair and installation, bridge repair, and maintenance. This category includes

⁵ According to the Reason Foundation's method of determining state DOT administrative expenses, DOTD has lower administrative costs per mile than 36 states. Note that every state DOT calculates its administrative expenses differently, and the Reason Foundation applies its own approach to data reported by all states.

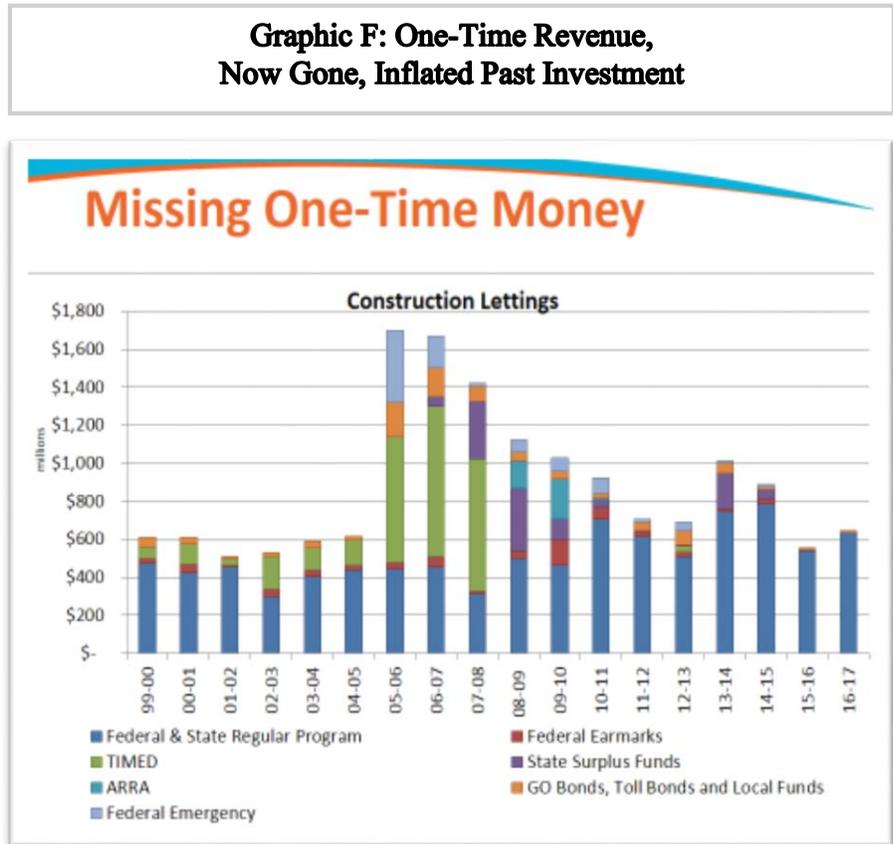
the salaries and benefits for the approximate 3,200 DOTD employees who provide these direct services locally across 9 district offices throughout the entire State. This category is funded with approximately 72 percent state funds and 28 percent federal funds.

Without this category of funding, the State would not meet the federal performance requirements of maintaining the federal investment because this category funds emergency response, construction engineering, and inspection services in the construction program. Furthermore, state funding of these key functions are a best practice at every state department of transportation around the nation as many of these services are required but not eligible for federal funding. As such, it is noteworthy that JBE 2016-23 specifically charges the Task Force with making recommendations that include funding the operation and maintenance of the State’s existing transportation system.

37.3 percent of DOTD’s budget is considered “program and project delivery,” including construction and construction engineering costs for projects. This category is funded with approximately 71 percent federal funds and 29 percent state funds, and is best understood as the portion of the budget that is building the economy because it represents actual construction that has an economic multiplier effect throughout the State. Louisiana’s construction budget was inflated by one-time revenues for many years, creating a perception that the investment in transportation was on a strong foundation in terms of the long-term outlook for construction expenditures. The reliance on one-time funding contributed to misleading the public with regards to DOTD’s responsibility to adequately fund the transportation system of the State. As seen in Graphic F, over the last 10 years, the state enjoyed one-time construction dollars that, at its height, helped infuse more than \$1 billion into the economy. The precipitous decline is the reason the construction industry is hurting, road and bridge conditions are worsening, and congestion issues are not being resolved.

Section 3.2: Program and Project Delivery Process

Consistent with national best practices, the State of Louisiana performs short- and long-term transportation planning to identify and select projects. The State’s long-term transportation plan is referred to as the Louisiana Statewide Transportation Plan (LSTP) and was first developed in 1996 through a collaborative process, inclusive of stakeholders and public officials from every region of the



State and subsequently adopted by the Louisiana Transportation Policy Committee. The LSTP was most recently revised through the same collaborative and comprehensive process in 2015.

The Highway Priority Program (HPP) within DOTD was established in state law in 1974, developing a transparent, resource-driven process that considers both quantitative and qualitative data in determining which projects move forward each fiscal year. More specifically, the HPP is developed each year by DOTD and then presented to the public and the legislature through joint annual field hearings of the House and Senate Transportation Committees. Comments from legislators and the public are considered as DOTD revises and refines the annual plan, which must be approved by the House and Senate Committees on Transportation as well as the full bodies of the House and Senate.

This transparent and data-driven process of identifying and selecting projects for each fiscal year has proven to be an effective means of making annual investment decisions about the State's system of highways. In practice, the HPP has become the State's annual approach toward reaching the long-term highway goals of the LSTP. Other states view this selection process as a national best practice as it relates to delivering transportation in a non-political environment, which aids in ensuring a consistent, comprehensive, and strategic investment of dollars that leverage economic opportunity to support the State's economy.

Act 355 of the 2015 Regular Legislative Session revised the HPP, which incorporated more transparency and modernization into the project selection process. Citizens now have more opportunity to understand the projects and financing issues, which is important as it helps to ensure accurate expectations from the public. Again, the annual scope and scale of the HPP is resource-driven, meaning that the process can very easily deliver many more projects each year – if funded. The HPP process is not a hindrance to project delivery but instead the best mechanism to efficiently and affordably deliver projects on an annual basis.

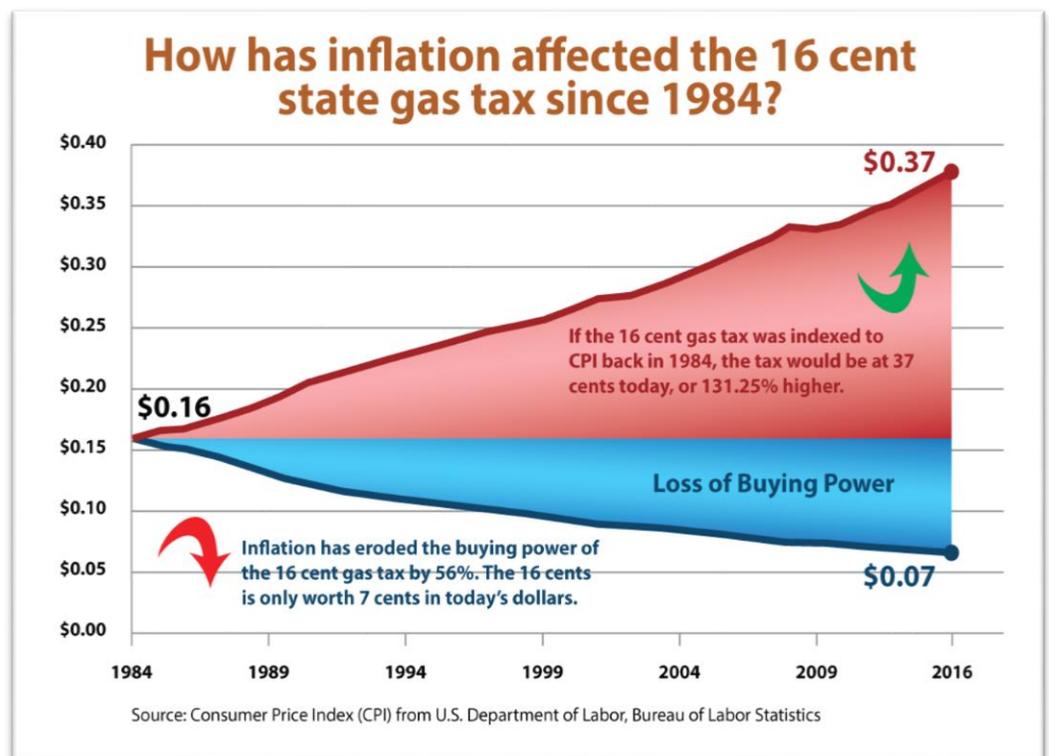
Section 4.0: The Problem

Section 4.1: Loss of Purchasing Power

The dominant reason that transportation is underfunded today is due simply to the fact that the revenue source for transportation has been losing purchasing power every year for decades. Specifically, as seen in Graphic G, the 16 cent motor fuel tax that was put in place in 1984 only has the purchasing power of 7 cents today. Had the motor fuel tax been adjusted for inflation over the years, it would be 37 cents today and there would be no need to discuss how to solve the state's transportation needs. While a cents-per-gallon excise tax on motor fuel, as is in place on both the federal and state level, provides a steady and reliable source of revenue for transportation, increases in revenue over time only occur based on consumption of fuel. More specifically, the only way for transportation's revenue source to avoid losing purchasing power due to inflation that occurs over time is for fuel consumption to increase at a sufficient rate. However, even if fuel consumption grew at a rate sufficient to keep up with inflation, the result necessarily means that the transportation system is being more heavily used which requires more maintenance, additional lanes, and new roads.

As a result, periodic increases to an excise tax must occur in order to prevent losses in purchasing power so demands on the transportation system can be met. Unfortunately, on both the state and federal levels, increases to the excise tax rates on motor fuel are not periodic but instead have allowed for significant losses in purchasing power since last adjusted. When left unadjusted, these rates lose purchasing power on many different fronts, including consumer price index (CPI), highway construction costs, and fuel economy.

Graphic G: If LA Had Adjusted for CPI Since 1984, There Would be No Need to Act Today



As depicted in Graphic H, private sector business models account for increases in the cost of doing business over time, but nothing has been done to address the rising costs of doing business for DOTD.

Adding to the loss of purchasing power described above, DOTD faces cost increases related to employment and retirees. While DOTD has pursued aggressive efficiency efforts, as demonstrated by the reduction in staffing level depicted in Graphic I, health insurance costs and retirement contribution costs have nonetheless increased significantly. These increased expenses are a cost of doing business that is outside the control of DOTD. Still, the effects of these increasing costs compound on top of increased fuel economy and other inflationary items to drive down the purchasing power of the 16 cents.

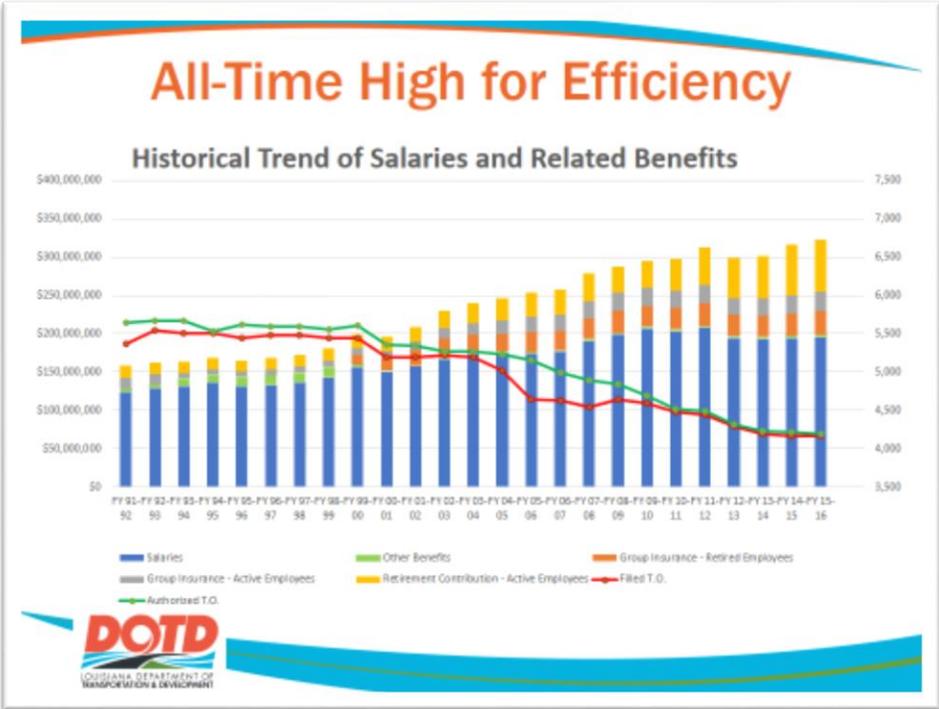
Graphic H: Priorities, You Get What You Pay For

An Effective Business Model

- In 1989, a one-day pass at Disneyworld was \$29.
- In 1989, the state gas tax was 16 cents per gallon.
- Today, a one-day pass at Disneyworld is \$110.
 - That's a 279% increase.
 - Increase in prices have exceeded inflation and provided for expansion
- Today, the state gas tax is still 16 cents.
 - That's a 56% decrease if you consider the impact of inflation.




Graphic I: DOTD Reduces Staff, Costs of Doing Business Still Rise



Section 4.2: Loss of One-Time Revenue

Over the course of the past decade, the amount of revenue for highway construction has seen a significant decline. As depicted previously in Graphic F, the State has relied on non-recurring “one-time” sources of revenue for much of its construction budget over the last decade. These sources of revenue are over and above the HTF and TTF, including TIMED bond revenue, federal earmarks, federal stimulus funds, state surplus funds, federal emergency funds, and state general obligation bonds. With these sources of revenue no longer being available, the State is now living within its means, essentially on HTF and TTF alone. While the one-time revenue financed the delivery of projects in the past, there was no additional funding to maintain this investment over time. In essence, Louisiana depended on one-time influxes of revenue to construct projects that it could not afford to build or maintain with the available recurring funds. The result is a transportation system in desperate need of repair.

Section 4.3: Aging Infrastructure

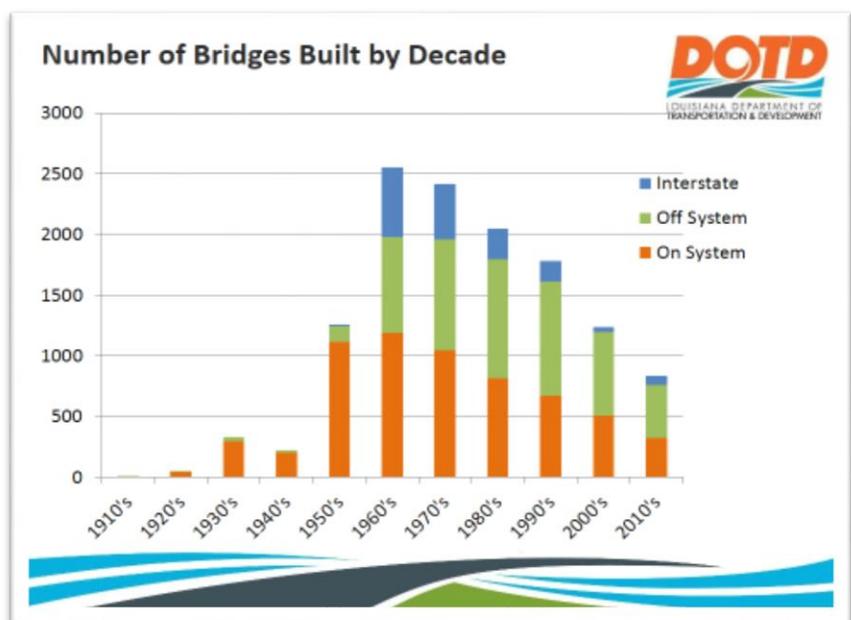
With the plurality of major enhancements to the transportation system in the United States built in the 1960s, as demonstrated in part by Graphic J, with a design life of 50 years, it is past time to replace much of Louisiana’s existing transportation system. According to the American Society of Civil Engineers 2012 Report Card, Louisiana’s bridges and roads received a “D,” which is described as “crumbling infrastructure,” while ports, aviation, and levees received a “C,” which is described as “marginally performing infrastructure.”

As an example of the deteriorating state of Louisiana’s transportation

system, bridge conditions are such that more than 220 bridges are currently closed, over 1,000 bridges have load-posted weight limits, more than 750 bridges have exceeded their useful life of 50 years, and nearly 2,500 bridges still have timber components. At the current annual budget of approximately \$100 million, it will take DOTD 327 years to finance the replacement of bridges that have a 50-year design life.

As it relates to pavement conditions, the 2015 TRIP report highlighted that motorists in Louisiana’s three largest cities pay an extra \$650 to \$700 per year in vehicle damages due to road conditions. Available funding is such that highway pavements in Louisiana can only be replaced or restored every 40-50 years. Without sufficient funding to invest in operation and maintenance of our existing transportation system, bridge and pavement conditions will continue to worsen at an accelerating rate into the future.

Graphic J: Majority of Bridges Will Exceed Intended Design Life within Next 10 Years



Despite dedicating the overwhelming majority of available construction dollars to rehabilitating the current transportation system, the overall condition of the system is worsening each year.

Section 4.4: Congestion, Limited Mobility

Louisiana’s population and density continues to grow in rural and urban areas, leading to measures that must be taken to expand the existing transportation system. As a result of funding limitations and the need to maintain the existing system first, Louisiana is unable to add the new

roads, bridges, and lanes that are desperately needed to address the congestion across the State. At this time, the State is only spending approximately \$25 million per year on “capacity projects,” which is very insignificant considering the \$38 billion of megaprojects across the State that are identified by the LSTP. According to data reported by states to the Federal Highway Administration depicted in Graphic K, the Baton Rouge and New Orleans regions both rank in the top 5 worst regions for truck commerce and in top 10 most congested medium sized American urban areas. This does not bode well for commerce today, and the outlook for the future is even worse. At current funding levels for transportation, DOTD expects congestion levels in urban areas to increase⁶ dramatically over the next 25-30 years.

Section 4.5: What is at Stake?

As it relates to the effects on our State’s economy, former Chairman of the Louisiana Chemical Association board and Task Force member Tom Yura said, “Infrastructure is a key building block for growing business and industry in Louisiana. We cannot be successful without a robust network of highways, ports, bridges, railroads, and airports. Substantial investment is needed in both existing and new capacity to allow industry to sustain what we have today and ensure the potential to grow.” Yura, who is Senior Vice President and General Manager at BASF, went on to provide perspective on how the State came together to overcome past workforce challenges that hindered the State’s economy, saying “As demonstrated through the joint efforts to tackle workforce development issues facing our State, we must now take the same approach with our aging and inadequate transportation infrastructure. We must have a comprehensive transportation plan, strong cooperation between industry and government leaders, dependable financing of the plan, and quick execution of the plan. A robust and dependable transportation system is needed to ensure the viability of business and industry.”

Simply put, Louisiana’s transportation system has a direct impact on every facet of daily life. Every single good, service, and person interfaces with the State’s transportation system. When the transportation system deteriorates, so does the quality of life in Louisiana. Whether it is less safe

Graphic K: Louisiana is Leading in all the Wrong Ways

- ❑ 42 states have better pavement conditions than Louisiana
- ❑ 47 states have better bridge conditions than Louisiana
- ❑ 45 states have lower vehicle fatality rates than Louisiana
- ❑ Baton Rouge and New Orleans make up 2 of the nation’s 5 worst regions for truck commerce
- ❑ Baton Rouge and New Orleans are among the 10 most congested medium sized urban areas in America

⁶ See graphics in Appendix A for expected statewide congestion increases.

commutes that waste time and money, costly vehicle repairs due to poor pavement conditions, or lost economic opportunity from businesses choosing to operate in states that offer better mobility, much is at stake for Louisiana citizens.

While the State has been enduring these effects for years, the decision to invest in transportation is not one that can be deferred any longer without an escalation in consequences. In just one example, Louisiana is only currently able to secure all available federal HTF revenue because it can supplement TTF revenue with toll credits. Toll credits are a finite, non-recurring source of match issued to states for previous toll projects. Louisiana received \$140 million in toll credits from the federal government associated with LA 1.

Due to insufficient TTF revenues, DOTD will be required to rely on these credits until exhausted in two to three years. Once the toll credits have been exhausted, the State will be unable to secure all currently available federal funds for transportation. That means that if nothing changes in Washington, D.C., Louisiana will be leaving federal funding on the table in two to three years. If changes are made and more federal funding comes available for transportation, Louisiana will also be leaving those federal funds on the table. The choice and consequences are clear. In summary, Louisiana can either increase its investment in transportation, capture existing and potential new federal funding opportunities, and deliver a transportation system that will improve the quality of life in this State, or not.

Section 5.0: Task Force Process

Section 5.1: Approach

Upon issuance of JBE 2016-23, members of the Task Force were nominated and appointed. Co-chairs Wilson and Basilica expressed a commitment to operate an open, transparent, community-driven process for reaching recommendations. Together with the members of the Task Force, a rigorous schedule was planned and put in progress.

Section 5.2: The Schedule

Formal Meeting 1: July 12, 2016 at the Louisiana State Capitol

- Overview of DOTD Efficiencies, Budget, Revenues Sources, Construction Lettings, Multimodal Needs
- Overview of the LSTP

Formal Meeting 2: August 9, 2016 at the Louisiana State Capitol

- Testimony by the Louisiana Department of Economic Development and Sasol
- Overview of the Transportation Funding Task Force Report of 2014
- Overview of Governor Edwards' Transportation Transition Committee Report
- Overview of DOTD Budget, Staff Allocations and Expenditures, Priority Programs

Regional Meetings: September 8 – October 13, 2016

The Metropolitan Planning Organizations (MPOs) and Economic Development Organizations (EDOs) from each region of the State held meetings with local community leaders and members of the Task Force. Each meeting consisted of the MPO providing an overview of local project needs, a panel of community and business leaders discussing investment in transportation, and an interactive discussion between attendees and Task Force members on how best to invest in transportation. In total, more than 700 attendees participated in these regional meetings across the State and each meeting gave Task Force members ideas and direction in developing the actionable recommendations⁷. The meetings were held as follows:

- Regional Meeting 1: September 8, 2016 in New Orleans
- Regional Meeting 2: September 12, 2016 in Shreveport
- Regional Meeting 3: September 13, 2016 in Lake Charles
- Regional Meeting 4: September 20, 2016 in Houma
- Regional Meeting 5: September 28, 2016 in Lafayette
- Regional Meeting 6: September 29, 2016 in Monroe
- Regional Meeting 7: October 5, 2016 in Alexandria
- Regional Meeting 8: October 13, 2016 in Baton Rouge

⁷ Each region of Louisiana provided a unique perspective on how best to solve the State's multimodal transportation needs. See description in Appendix B.

Formal Meeting 3: October 20, 2016 at the Louisiana State Capitol

- Introduction of Resolutions
 - Resolution: Tolling
 - Resolution: Public Private Partnerships
- Expert Testimony
 - Carl Davis, Institute of Tax and Economic Policy (ITEP)
 - Joung Lee, American Association of State Highway and Transportation Officials (AASHTO)
 - Ronald Marino, Citigroup

Formal Meeting 4: November 9, 2016 at the Louisiana State Capitol

- Adoption of Previous Meeting's Resolutions
- Association Testimonies
 - Louisiana Motor Transport Association (LMTA)
 - Super Regional Rail Authority (SRRA)
 - Ports Association of Louisiana (PAL)
 - Capital Region Industry for Sustainable Infrastructure Solutions (CRISIS)
 - Louisiana Asphalt Pavement Association (LAPA)
 - American Council of Engineering Companies of Louisiana (ACEC)
 - Louisiana Associate General Contractors (AGC)
- Discussion of Refinery Tax Options

Formal Meeting 5: December 1, 2016 at the Louisiana State Capitol

- Introduction of Resolutions
 - Resolution: Aviation
 - Resolution: Commercial Trucking Special Permit Fees
 - Resolution: Commercial Trucking Vehicle Registration Fees
 - Resolution: Categorical Spending
 - Resolution: Indexing
 - Resolution: Revenue

Formal Meeting 6: December 13, 2016 at the Louisiana State Capitol

- Adoption of Previous Meetings' Resolutions
- Introduction and Adoption of Resolutions
 - Resolution: Report Drafting Subcommittee
 - Resolution: PILOTs and TIFs

Section 6.0: Lessons Learned

Subsection 6.1: Existing Processes, Plans, and Systems are Sound.

Understanding that previous administrations, public officials, and various stakeholders spent many years identifying specific projects through the development the LSTP, established and refined the Highway Priority Program, oversaw DOTD reach its highest levels of efficiency, and studied the many mechanisms for investing in transportation, the Task Force studied these exhaustive efforts of the past and deemed them to be the foundation on which to advance its work. After reaching this conclusion, the Task Force narrowed its focus to determining how best to finance the maintenance of the existing system and the Category A and B Megaprojects outlined in the LSTP.

Subsection 6.2: Frustration Over Condition, Limitations of Transportation System

As the Task Force traveled around the State and heard from communities, the frustration surrounding the deteriorating condition and limited scope of the current transportation system was profound. Each region and community have specific, important transportation needs that, if not met, prevent the realization of respective economic opportunity and enhanced quality of life. Countless discussions with hundreds of citizens led the Task Force to determine that meaningful solutions to transportation issues are expected from the public.

Subsection 6.3: Misconceptions Caused by Incomplete Information

Throughout the past six months, the term “trust” has been a recurring issue of concern regarding an increased investment in transportation. Through the travels and discussions across the State, there is a common misconception that transportation revenue in the State has been misused in the past and that “trust” must be regained before increasing the investment to address the State’s needs. This is a complex issue and a deep-rooted misconception that is based on incomplete information.

Among the most commonly discussed perceived misuse of funds is the appropriation from the TTF to the LSP that has occurred periodically since 1990 with more frequency during the latter years of the Jindal administration. It has been clear that most citizens do not recall that a vote of the people created the TTF in 1990 and specifically authorized allocations to the LSP. This means that past uses of the TTF for the LSP were a legislative and administrative policy decision authorized by the constitution. That is not to say this was the correct policy decision but certainly not a misuse of funds in violation of public trust. Nonetheless, this Task Force wholeheartedly supports the policy decision of the current legislature and administration to provide no TTF revenue to LSP.

Separately, the project selection and delivery processes are often perceived to be ineffective in quickly delivering the most important projects statewide. As articulated in Subsection 3.2 and stated in Subsection 6.1, existing processes, plans, and systems are sound. The misconception exists because the HPP can only deliver what available resources can fund. Because the HPP is financially limited, important costly projects are delayed as the State attempts to responsibly and sufficiently maintain existing infrastructure with available funds. Another reason this misconception exists is because over the last few decades several major capacity projects across the State were funded with dedicated sources of one-time revenue such as federal earmarks and bonds.

Another recurring misconception is that DOTD is inefficient and, if operated properly, could generate enough savings to address transportation needs. First, increasing efficiency is an enduring principle of DOTD. As an example of this, DOTD has generated approximately \$36 million in savings over the last five years through a combination of legislative and administrative efficiency efforts, which include privatization efforts. Adding to this, DOTD's staffing level is at an all-time low and its workload is at an all-time high.

To validate DOTD's efficiency, there are approximately 1,132 citizens for every DOTD employee. At least 23 states have more state department of transportation employees per capita than Louisiana. Despite Louisiana's low population, we have more state road miles to maintain than 39 other states. That means only 9 states have more road miles to maintain than DOTD. Eight of those 9 states have more employees than DOTD and a higher population than Louisiana. Finally, 7 states have fewer road miles to maintain than Louisiana but employ more staff. While all state departments of transportation have different scopes of responsibility making a true comparison difficult, DOTD does well when compared to other states.

Lastly, it was often stated by citizens that the State's transportation issues could be addressed through innovation, such as tolling and public private partnerships. This notion is also based on incomplete information about how tolling and P3s function. Due to Louisiana's population and traffic volumes, there are no transportation projects in the State that can be funded by tolling alone. That means the State must have the revenue to fund the other portion of the project. While P3s are different in that a private entity will finance and construct a transportation project, the private entity will only do so if the State has revenue to contribute over time.

Subsection 6.4: Consensus that More Must be Invested in Transportation

There is widespread agreement in Louisiana that an increased investment in transportation is needed if we are to bring about meaningful improvements. The Task Force's impression of this sentiment is that it is contingent on the previously mentioned finding relating to public trust. The public rightly expects any increases in transportation funding to be spent delivering transportation enhancements and on nothing else. Attendees of regional meetings encouraged the Task Force to study all potential sources of revenue and recommend those that can provide meaningful improvements.

Section 7.0: Actionable Recommendations

Based on its study of transportation issues in Louisiana and the community-driven input received around the State, the Task Force elected to act through formal resolution in making actionable recommendations as charged by JBE 2016-23. The Task Force adopted 9 resolutions⁸ that, if acted upon collectively, address the multimodal transportation needs of Louisiana in a sustainable manner.

Subsection 7.1: Resolution A – Revenue

On December 13, 2016, the Governor’s Task Force on Transportation unanimously adopted the following resolution to recommend an additional \$700 million annually for multimodal transportation in Louisiana:

WHEREAS, attendees of regional meetings expressed support for investing in transportation infrastructure in a manner that addresses the State’s long-term needs; and

WHEREAS, the Task Force studied and supports the process and projects identified in the Louisiana Statewide Transportation Plan (LSTP), which was established by a wide range of stakeholders and public officials from across Louisiana prior to this administration assuming state leadership, to plan for and address the State’s long-term maintenance and capacity needs; and

WHEREAS, the LSTP identifies A and B Megaprojects in each region of the State needed to improve safety, address congestion, and facilitate economic development; and

WHEREAS, the LSTP identifies the need to invest in rural areas of the state through an enhanced overlay and rehabilitation program that benefits all 64 parishes; and

WHEREAS, the LSTP studied four possible funding scenarios and how the Department of Transportation and Development (DOTD) should carry out its work with respect to each scenario; and

WHEREAS, scenarios one and two are contrary to the mission of the Task Force because they do not anticipate increases in funds for multimodal transportation in Louisiana, and

⁸ Copies of the enrolled resolutions are available online at http://wwwsp.dotd.la.gov/Inside_LaDOTD/Divisions/Administration/GTFTII/Pages/default.aspx

WHEREAS, scenario three, which anticipates the indexed annual increase of \$400 million for multimodal transportation in Louisiana, will allow the State to better maintain the current transportation system but not fully finance A and B Megaprojects in the LSTP; and

WHEREAS, scenario four, which anticipates the indexed annual increase of \$700 million for multimodal transportation in Louisiana, will deliver a better maintained transportation system and A and B Megaprojects in the LSTP; and

WHEREAS, scenario four would provide significant benefits to the people of Louisiana by improving safety conditions on state highways, increasing the number of miles of overlaid annually, increasing bridge rehabilitation and replacement, and decreasing congestion; and

WHEREAS, the State does not currently have sufficient revenue to secure all available federal funding for transportation without utilizing toll credits as state match, a non-recurring substitute for state revenue that will be exhausted within the next two to three years; and

WHEREAS, scenario four provides sufficient revenue to ensure the State of Louisiana has a competitive advantage over many states to secure all federal funds currently available and any additional federal funds that may become available in the coming years; and

WHEREAS, the task force determined that a one cent increase in motor fuel tax generates approximately \$30 million, which, if not indexed, will immediately begin to progressively lose value over time.

THEREFORE BE IT RESOLVED, that the Governor's Task Force on Transportation Infrastructure Investment does hereby recommend an additional \$700 million annually for multimodal transportation in Louisiana; and

BE IT FURTHER RESOLVED, that nationally, the most reliable, proven and meaningful source of funding for transportation is an excise tax on motor fuel, but that other sources, including, but not limited to special permit fees and vehicle registration fees for the commercial trucking industry, should be considered in achieving the desired level of funding in a recurring manner; and

BE IT FURTHER RESOLVED, the use of indexing with any new revenue stream should be carried out in a manner that provides long-term gradual increases over time without creating short-term volatility; and

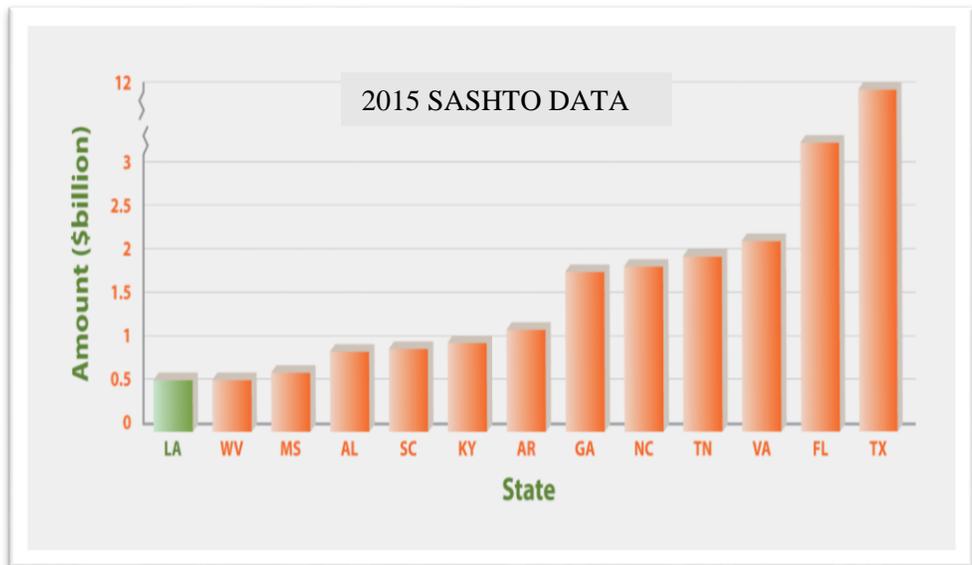
BE IT FURTHER RESOLVED, a copy of this resolution and additional information supporting the findings contained herein shall be included in the submission to the Governor by January 1, 2017.

Consistent with the charge of JBE 2016-23, \$700 million more in annual recurring revenue for transportation is necessary to better support the state’s vast multimodal transportation system and make strategic, timely expansions through the construction of Category A and B Megaprojects. There are two key components to this recommendation: the \$700 million figure and its annual recurring nature. These two components are far more important than the source of the revenue, and if either are not fulfilled, the State will not have the resources to deliver what is needed.

The Task Force arrived at this recommendation through careful review of the LSTP funding scenarios and independent analysis. As a result of the lingering effects of relying heavily on one-time revenue for construction, it will take an additional \$700 million in annual recurring revenue to maintain what the State has built and continue to responsibly and strategically expand the system.

At current funding levels, Louisiana’s annual construction lettings are the lowest in the southern region as depicted in Graphic L. Adding approximately \$700 million per year to construction lettings does not place Louisiana anywhere near the top of the list; however, it does put Louisiana in a much more competitive position.

Graphic L: LA Construction Expenditures Far Less Than Other Southern States



Subsection 7.2: Resolution B – Commercial Trucking Special Permit Fees

On December 13, 2016, the Governor’s Task Force on Transportation unanimously adopted the following resolution, to recommend increasing revenue through special permit fees for the commercial trucking industry as a bondable means of financing for a statewide bridge improvement program:

WHEREAS, bridge conditions in Louisiana are such that more than 220 bridges are currently closed, over 1,000 bridges have load-posted weight limits, more than 750 bridges have exceeded their useful life of 50 years, and nearly 2,500 bridges still have timber components; and

WHEREAS, without additional revenue to fund a bridge improvement program in Louisiana, additional bridges will continue to be closed and weight restricted, at an accelerating rate, disrupting commerce through lengthy detour routes in both urban and rural areas; and

WHEREAS, special permit fees for the commercial trucking industry were identified by attendees of regional meetings as a means of increasing revenue for transportation infrastructure in Louisiana; and

WHEREAS, the Task Force has determined that existing special permits fees for the commercial trucking industry provide for inequity with respect to specific commodities and do not correlate with impacts to the transportation system; and

WHEREAS, the Task Force has determined establishing special permit fees for the commercial trucking industry based on impact to the transportation system rather than with respect to the commodity being transported to be sound public policy; and

WHEREAS, such revisions to the existing fee structure would have commercial trucks with more impact to the transportation system invest more than those with less impact; and

WHEREAS, the Task Force has determined the use of additional revenue from special permit fees for a bondable bridge improvement program that targets all 64 parishes to be appropriate, as bridges in rural areas are particularly susceptible to impacts from heavy loads that can result in closure or weight restrictions that impede commerce; and

WHEREAS, revisions to the existing fee structure could increase additional revenue to justify increasing the diesel tax rate lower than the gasoline tax; and

WHEREAS, under the existing fee structure, special permits for the commercial trucking industry generate approximately \$25 million annually; and

WHEREAS, comprehensive special permit reform was last performed in 1977, and the existing permit and fee structure is the result of 75 changes to the law over the last 40 years; and

WHEREAS, the Louisiana Legislature established the Special Permit Task Force through House Concurrent Resolution 105 of the 2016 Regular Legislative Session to study and recommend changes to simplify, consolidate, adjust fees, create efficiencies, and improve the use of technology related to special permits by February 1, 2017.

THEREFORE BE IT RESOLVED, the Governor's Task Force on Transportation Infrastructure Investment does hereby recommend increasing revenue through special permit fees for the commercial trucking industry as a bondable means of financing for a statewide bridge improvement program; and

BE IT FURTHER RESOLVED, that revisions to the existing fee structure should increase additional revenue to justify increasing the diesel tax at an appropriate rate lower than the gasoline tax; and

BE IT FURTHER RESOLVED, that increases in special permit fees for the commercial trucking industry should provide equity and ensure that commercial trucks with more impact to the transportation system invest more than those with less impact; and

BE IT FURTHER RESOLVED, to the extent its recommendation increases sufficient revenue in a manner that provides equity and ensures commercial trucks with more impact to the transportation system invest more than those with less impact, the Task Force defers to the findings and recommendations of the Special Permit Task Force created by House Concurrent Resolution 105 of the 2016 Regular Legislative which is due by February 1, 2017; and

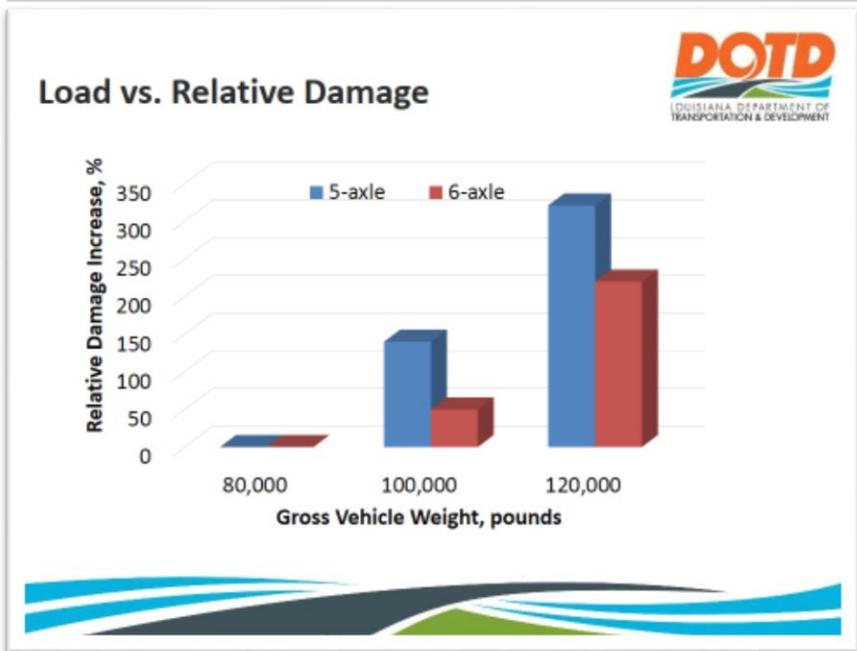
BE IT FURTHER RESOLVED, a copy of this resolution and additional information supporting the findings contained herein shall be included in the submission to the Governor by January 1, 2017.

Pursuant to federal law, each state establishes specific weight and size limitations for loads on state highways. Louisiana is unique in that it authorizes a gross vehicle weight (GVW) of 83,400 pounds on interstates while many other states adhere to the 80,000 pounds authorized in federal law. Similarly, in excess of many other states, Louisiana allows a GVW of 88,000 pounds on non-interstate highways. Louisiana law also establishes parameters under which legal weight and size limits can be exceeded through issuance of a permit by DOTD. While all states issue permits that allow certain loads to exceed the maximum weight and size limits, Louisiana is unique in that over 30 permits are established in law along with various commodity-specific fees and enforcement variances. This complex structure is the result of dozens of changes to the law since 1977, the overwhelming majority of which created exceptions for certain types of loads. As an example, fees for permits range from \$10 to over \$1,000 without respect to the load’s impact to the transportation system. While the current system does not take into consideration a load’s impact to the transportation system, it does generate approximately \$25 million per year that is dedicated as TTF and invested back into the state’s transportation system.

With over 1,000 load-posted bridges in Louisiana, the commercial trucking industry is extremely restrained with respect to available routes⁹. When adhered to, load-posted bridges require trucks to take lengthy detours over bridges that can handle the load weight. When ignored, overweight trucks that cross load-posted bridges put themselves and others in danger. If acted upon, this resolution would result in a permitting system that treats weight as weight and size as size, without respect to the commodity being transported. Considering that the type of commodity has no bearing on the impact to the transportation system, this approach is the best policy position as it places more of the investment burden on the heavier loads that cause more impact, as depicted in Graphic M.

To the extent that a new permitting structure is established in this manner and generates additional revenue, these funds should be used to enhance bridge conditions around the State in a way that benefits commerce through a bondable statewide bridge improvement program. As an idea of how these funds could be leveraged through bonding, \$10 million bonded out over a 20-year period would generate an approximate lump sum investment of \$75 million. Whereas, \$15 million bonded out over a 20-year period would generate an approximate lump sum investment of \$112 million. Depending on the amount of revenue generated, a bondable

Graphic M: Overweight Loads Have Much Greater Impact on Transportation System



⁹ Appendix C provides a map of Louisiana with every load posted bridge across the State. It is difficult for commercial trucks to find routes without load posted bridges.

bridge program using special permit fees could make a meaningful difference in the safe, efficient movement of commerce in Louisiana.

Failure to improve the statutory special permitting system will result in more deterioration of the transportation system and advance the flawed notion that weight and size should be regulated with respect to the commodity instead of with respect to impact. Under this current model, the traveling public and truck loads that meet legal limits are forced to shoulder too much of the impact from specially permitted loads. This structure is part of the reason nearly all available construction funds must be spent on preservation of the existing transportation system.

This resolution would enhance an existing revenue source for the improvement of bridges across Louisiana that would provide for more efficient and safer commercial truck routes. Since the needs are so great for Category A and B Megaprojects, it is critical to dedicate a portion of new funding to the enhancement of bridges on urban and rural routes that impede commerce. Without this dedication, the replacement of load-posted bridges will be forced to compete with the many highly sought after, expensive Category A and B Megaprojects. Without an increased revenue stream for bridges in Louisiana, bridge closures and load postings will continue to hamper the efficient flow of goods across the State.

Subsection 7.3: Resolution C – Commercial Trucking Vehicle Registration Fees

On December 13, 2016, the Governor’s Task Force on Transportation unanimously adopted the following resolution to recommend increasing revenue through vehicle registration fees for the commercial trucking industry as a bondable means of financing for a statewide bridge improvement program:

WHEREAS, bridge conditions in Louisiana are such that more than 220 bridges are currently closed, over 1,000 bridges have load-posted weight limits, more than 750 bridges have exceeded their useful life of 50 years, and nearly 2,500 bridges still have timber components; and

WHEREAS, without additional revenue to fund a bridge improvement program in Louisiana, additional bridges will continue to be closed and weight restricted, at an accelerating rate, disrupting commerce through lengthy detour routes in both urban and rural areas; and

WHEREAS, vehicle registration fees for the commercial trucking industry were identified by attendees of regional meetings as a means of increasing revenue for transportation infrastructure in Louisiana; and

WHEREAS, the Task Force has determined that vehicle registration fees for the commercial trucking industry provide for inequity with respect to specific commodities and do not correlate with impacts to the transportation system; and

WHEREAS, the Task Force has determined that establishing vehicle registration fees for the commercial trucking industry based on impact to the transportation system rather than with respect to the commodity being transported to be sound public policy; and

WHEREAS, such revisions to the existing fee structure would have commercial trucks with more impact to the transportation system invest more than those with less impact; and

WHEREAS, the Task Force has determined the use of additional revenue from commercial trucking vehicle registration fees for a bondable bridge improvement program that targets all 64 parishes to be appropriate, as bridges in rural areas are particularly susceptible to impacts from heavy loads that can result in closure or weight restrictions that impede commerce; and

WHEREAS, revisions to the existing fee structure could increase additional revenue to justify increasing the diesel tax a rate lower than the gasoline tax; and

WHEREAS, under the existing fee structures, vehicle registration for the commercial trucking industry generates approximately \$60 million annually; and

WHEREAS, vehicle registration fees for the commercial trucking industry were dedicated to transportation and authorized for bond issuance by Act 135 of the 2012 Regular Legislative Session providing for a one-time \$325 million capital investment that dedicated approximately \$23 million of the \$60 million to debt service annually over a 30-year period.

THEREFORE BE IT RESOLVED, the Governor's Task Force on Transportation Infrastructure Investment does hereby recommend increasing revenue through vehicle registration fees for the commercial trucking industry as a bondable means of financing for a statewide bridge improvement program; and

BE IT FURTHER RESOLVED, that revisions to the existing fee structure should increase additional revenue to justify increasing the diesel tax at an appropriate rate lower than the gasoline tax; and

BE IT FURTHER RESOLVED, that increases in vehicle registration fees for the commercial trucking industry should provide equity and ensure that commercial trucks with more impact to the transportation system invest more than those with less impact; and

BE IT FURTHER RESOLVED, a copy of this resolution and additional information supporting the findings contained herein shall be included in the submission to the Governor by January 1, 2017.

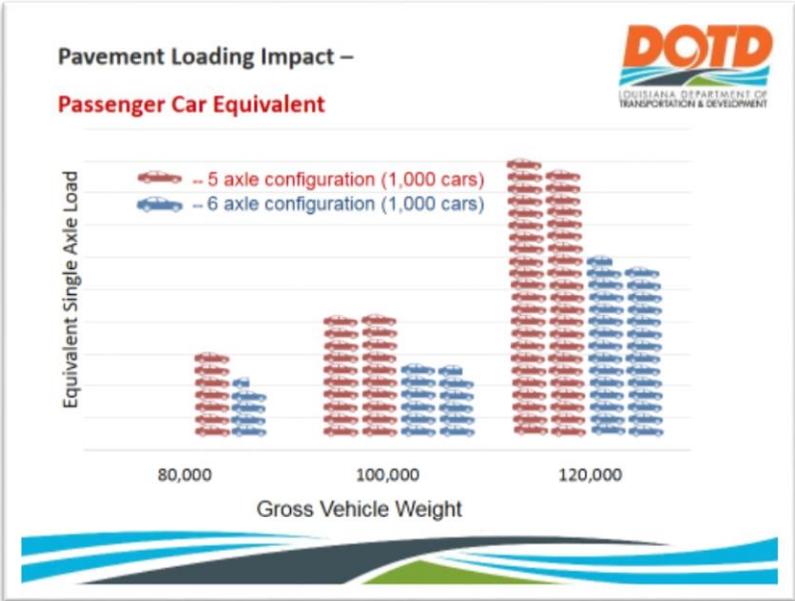
Like many states, Louisiana has dedicated vehicle registration fees from the commercial trucking industry to transportation. As indicated in the resolution, a sizeable portion of this revenue stream was bonded out in recent years to make enhancements to non-federal aid routes across rural Louisiana. This use of the funds was appropriate, enhancing pavement conditions on many routes used by the commercial trucking industry. While the dedication of these funds to transportation was sound public policy, the fee structure itself is similar to the special permitting fee structure in that fees are based on types of commodity rather than impact to the transportation system, as depicted in Graphic N. If improved to provide equity between the different commodities, revenue could be generated to help finance the aforementioned bondable statewide bridge improvement program.

Graphic N: Weight is Weight. Why the Disparity in Fees between Commodities?

Weight	Class 1	Class 2	Class 3	Class 4	Class 5
	Truck	Forestry	Gravel	City Use	Farm
6000	10.00	10.00	10.00	10.00	3.00
8000	28.00	20.00	28.00	20.00	3.00
10,000	36.00	25.00	35.00	25.00	3.00
20,000	76.00	50.00	70.00	50.00	10.00
26,000	156.00	72.80	156.00	78.00	20.00
36,000	216.00	100.80	216.00	108.00	20.00
55,000	346.50	154.00	330.00	165.00	30.00
80,000	504.00	224.00	480.00	240.00	40.00
88,000	563.00	246.40	528.00	264.00	40.00

Graphic O: Trucks Impact the System More than Passenger Cars. It Makes Sense to Equitably Increase Truck Registration Fees for Transportation

Acting upon this resolution would result in Louisiana implementing sound public policy by assessing weight as weight without respect to commodity. Similar to special permit fees, this resolution would put the investment burden on the vehicles that cause more impact to the transportation system. Through this and Resolution B, Louisiana would be leading the nation with a user-fee based bridge improvement program that would provide meaningful benefits to the industry making the investment. With trucks causing more impact to the transportation system than passenger cars as depicted in Graphic O, it makes sense not only to have vehicle registration fees from the commercial trucking industry supplement diesel tax revenues, but for the model to assess fair user fees based on overall impact to the system.



This resolution addresses the issue of vehicle registration fee inequity that has been in place for decades as it relates to commercial trucking. It was the right decision to dedicate these revenues to transportation years ago, but it is also very appropriate and necessary to eliminate the disparity between commodities and increase the overall revenue generation to help fund a statewide bridge improvement program.

Subsection 7.4: Resolution D – Aviation

On December 13, 2016, the Governor’s Task Force on Transportation unanimously adopted the following resolution, recommending an increase in revenue to fund capital projects through the State’s Airport Construction and Development Program by increasing the sales and use tax on aviation fuel:

WHEREAS, attendees of regional meetings expressed support for increasing the State’s investment in multimodal transportation to better integrate and leverage Louisiana’s transportation system; and

WHEREAS, aviation is an important mode of transportation in Louisiana, the expansion of which provides improved mobility and connectivity that supports and promotes the development of commerce; and

WHEREAS, the State’s Airport Construction and Development Program supports airport expansion by competitively awarding grants for capital projects in Louisiana, and is funded by a 4 percent sales and use tax on aviation fuel that generates approximately \$28 million annually; and

WHEREAS, annual revenue for the State’s Airport Construction and Development Program is insufficient to meet the needs of the aviation industry, as evidenced by the current \$66 million in unmet short-term needs and the Louisiana Statewide Transportation Plan’s anticipated approximate \$3.5 billion in long-term needs; and

WHEREAS, the Louisiana Airport Managers and Associates (LAMA), representing a broad range of aviation stakeholders concerned with both commercial and general aviation airports across the State of Louisiana, adopted a resolution and appeared before the Task Force to support an increase in the sales and use tax on aviation fuel; and

WHEREAS, the Task Force has determined an increase in the sales and use tax on aviation fuel to be the appropriate mechanism for increasing the State’s investment in support of aviation as a crucial mode of transportation.

THEREFORE BE IT RESOLVED, to aid in addressing the short- and long-term needs of the aviation industry in Louisiana, the Governor’s Task Force on Transportation Infrastructure Investment does hereby recommend increasing revenue to fund capital projects through the State’s Airport Construction and Development Program by increasing the sales and use tax on aviation fuel; and

BE IT FURTHER RESOLVED, a copy of this resolution and additional information supporting the findings contained herein shall be included in the submission to the Governor by January 1, 2017.

As it relates to means of financing for DOTD's various multimodal programs, aviation is unique. Unlike other modes of transportation, the aviation program's operating and capital budget is funded based on a 4 cent sales tax on aviation fuel. The 4 cents on aviation fuel was estimated to equate to \$28 million annually, which is remitted to DOTD each year as TTF. DOTD spends this amount, not more or less, each year on the aviation program. As a result of this unique source of funding, the Task Force deemed it appropriate to act through a resolution that pertains only to aviation. More specifically, this separate funding stream for aviation has worked well, and the Task Force does not recommend altering its sole source of financing.

If acted upon, this resolution positions Louisiana to expand upon the successful dedication of sales tax revenue on aviation fuel to capital projects at airports around the State. Financing capital projects at airports is the appropriate way for the State to assist the industry, delivering enhancements that make Louisiana's airports more competitive. If action is not taken, capital projects at airports around the State will continue to be delayed placing the State's airports at a competitive disadvantage.

Subsection 7.5: Resolution E – Categorical Spending

On December 13, 2016, the Governor’s Task Force on Transportation unanimously adopted the following resolution to recommend investing in transportation infrastructure through use of categorical expenditures rather than listing specific projects in the law:

WHEREAS, attendees of the regional meetings expressed support for increasing revenues provided such revenues are dedicated to investment in transportation and equitably distributed between all regions of the State, rural and urban, based on needs; and

WHEREAS, the Louisiana State Constitution provides for specific limitations on the use of revenue generated by motor fuel taxes for transportation; and

WHEREAS, as a matter of public policy, Governor John Bel Edwards and the Louisiana Legislature have ended constitutionally authorized appropriations of state Transportation Trust Fund dollars to the Louisiana State Police; and

WHEREAS, the State of Louisiana’s Highway Priority Program, as amended by the Louisiana Legislature through Act 355 of the 2015 Regular session, includes annual public hearings across Louisiana with members of the Louisiana Joint Transportation Committees and the public; and

WHEREAS, attendees of the regional meetings and members of the Task Force identified issues associated with dedicating finite resources to the construction of specific projects without respect for long-term maintenance costs associated with new infrastructure; and

WHEREAS, expert testimony before the Task Force supported that dedicating finite resources to the construction of specific projects is inconsistent with national best practices for investing in transportation; and

WHEREAS, accountability ensured by the State Constitution and Highway Priority Program, as well as national best practices, demonstrate that increases in revenue for transportation infrastructure should be made categorically in a manner that allows the State to leverage revenues on an annual basis; and

WHEREAS, the Task Force found that increases in revenue should be allocated specifically to the following categories established by the Louisiana Statewide

Transportation Plan (LSTP), none of which include costs associated with DOTD personnel, to ensure a balanced investment approach:

- *Preservation: overlays and rehabilitation of interstate and highways; rehabilitation and reconstruction of state and locally owned bridges.*
- *Highway Operations: emergency response, congestion management, pothole repairs, traffic signals, striping, interstate lighting, roadway flood mitigation, rest areas, ferries, road transfer program, heavy equipment, and mowing.*
- *Highway Safety: roundabouts, cable barriers, curve realignment, rail crossing improvements, and devices.*
- *Capacity: megaprojects outlined in the LSTP and any other new roads and additional traffic lanes.*
- *Multimodal: rural and urban transit, rail, ports, aviation, and air quality improvements.*
- *Local Government Assistance: working with metropolitan planning organizations (MPOs) on new construction and rehabilitation projects in urban areas, safety projects on local roads, local enhancement projects such as bike paths, and the Parish Transportation Fund; and*

WHEREAS, as a matter of compromise with proponents of specifying projects, the Task Force sees value in committing funds in the Capacity category to the specific A and B Megaprojects outlined in the LSTP; and

WHEREAS, to strategically and responsibly expedite the advancement and construction of all A and B Megaprojects outlined in the LSTP, the Task Force deems it appropriate to bond up to 30 percent of additional funding allocated to the capacity category for use on these megaprojects, and further recommends the use of innovative procurement and means-of-financing methods.

THEREFORE BE IT RESOLVED, that the Governor's Task Force on Transportation Infrastructure Investment does hereby recommend investing in

transportation infrastructure through use of categorical expenditures rather than dedicating all resources to the construction of specific projects; and

BE IT FURTHER RESOLVED, subject to the limitations outlined by the Louisiana State Constitution for the Transportation Trust Fund, new revenue should be categorically allocated in the following manner: Preservation 35 percent, Operations 8 percent, Safety 3 percent, Capacity 42 percent, Multimodal 6 percent, and Local Government Assistance 6 percent; and

BE IT FURTHER RESOLVED, that up to 30 percent of additional funding budgeted for the Capacity category should be eligible as a bondable means of financing for the specific A and B Megaprojects outlined by the LSTP; and

BE IT FURTHER RESOLVED, a copy of this resolution and additional information supporting the findings contained herein shall be included in the submission to the Governor by January 1, 2017.

DOTD currently receives annual operating and capital appropriations from the Louisiana Legislature, and prioritizes use of these funds by category. More specifically, this is how the State establishes and invests in long-term transportation priorities such as statewide congestion relief, local governments, and multimodal enhancements. In the case of the 16 cent motor fuel tax, all of these revenues can be budgeted and prioritized by categories such as these and others listed in the above resolution. As it relates to the 4 cents as stated in Section 3, these revenues are dedicated to the 16 TIMED projects and are paid toward debt on the capital bond issuance that delivered 14 of the projects. The TIMED Program is an example of dedicating a finite resource to specific projects instead of prioritizing funds categorically. With TIMED, as has occurred in other states and cities with similar programs, the 4 cents was insufficient to cover the cost of the projects and there is no money left to maintain the some 500 additional lane miles constructed or complete the remaining two projects.

The benefit of expending funds by category is that Louisiana can ensure that a certain percentage of funds go toward a specific statewide priority, assuring the State continually meets the needs of citizens. This approach allows the State to deliver these types of bridge and highway projects through the transparent, data-driven annual HPP. If acted upon, this resolution accomplishes this and offers the State the flexibility to be strategic in matching federal funds to deliver projects. As DOTD advances specific projects with varying costs every year through the HPP, it takes budgeting flexibility provided through categorical spending to capture all available federal funds. More specifically, because projects must advance through preconstruction phases, the flexibility to spend money on projects as soon as they are ready to construct assists DOTD to more quickly deliver meaningful results to the citizens of Louisiana.

Based on the Task Force members' collective feedback after studying a wide range of information including the LSTP and needs assessment data, this resolution recommends how to allocate new revenues for transportation between the different key categories that advance transportation improvements. As stated previously, categorical spending requires modest changes each year because the costs of specific projects are different.

If adhered to in a broad sense, the budgeting model from the resolution will position Louisiana to more quickly deliver additional projects, and have the funding needed to maintain the investment over time. The TIMED Program delivered several important projects for Louisiana but those “new” highways are now decades old and are in need of repair. As the State’s only expansive capacity program in the last 30 years, a clear justification is made for a capacity program that addresses the needs of each region of the State.

Subsection 7.6: Resolution F – Indexing

On December 13, 2016, the Governor’s Task Force on Transportation unanimously adopted the following resolution to recommend indexing the investment in transportation infrastructure to prevent loss of purchasing power over time:

WHEREAS, attendees of regional meetings expressed support for investing in transportation infrastructure in a manner that addresses the State’s long-term needs; and

WHEREAS, attendees of regional meetings agreed that the current excise motor fuel tax has lost over half of its purchasing power since established at the current levels in 1990; and

WHEREAS, attendees of regional meetings agreed that a successful business model for any organization accounts for increases in costs over-time, and that such a model is not in place for transportation in Louisiana; and

WHEREAS, independent experts testified before the Task Force that highway construction costs and vehicle fuel economy have increased 62.3 percent and 17.2 percent respectively since 1990; and

WHEREAS, increases in highway construction costs and fuel economy are outside the control of the State but have a direct impact on the purchasing power of the State’s investment in transportation infrastructure; and

WHEREAS, no adjustment to the State’s investment in transportation infrastructure has been made since 1990; and

WHEREAS, if adjusted for inflation, the current 16 cent motor fuel tax established in 1984 would currently be approximately 37 cents today; and

WHEREAS, failing to adjust the motor fuel tax has resulted in the 16 cent motor fuel tax having the purchasing power of approximately only 7 cents today; and

WHEREAS, 19 states currently rely on different indexing methods in levying a variable rate motor fuel tax to mitigate or prevent the loss of purchasing power over time without creating short-term volatility; and

WHEREAS, failing to index increases in revenue for transportation infrastructure will, in the future, as now, result in the State being unable to adequately meet its transportation needs; and

WHEREAS, the Task Force is charged with making investment recommendations that address the long-term transportation needs of this State.

THEREFORE BE IT RESOLVED, that the Governor's Task Force on Transportation Infrastructure Investment does hereby recommend indexing the investment in transportation infrastructure to prevent loss of purchasing power over time; and

BE IT FURTHER RESOLVED, the indexing method selected should provide for long-term gradual increases over time without creating short-term volatility; and

BE IT FURTHER RESOLVED, special consideration should be given to managing the rate of indexed increases, including, but not limited to the timing of allocating the index, limitations on the frequency of the index, allocation of a floor and ceiling to the index, and a system of executive and legislative oversight; and

BE IT FURTHER RESOLVED, a copy of this resolution and additional information supporting the findings contained herein shall be included in the submission to the Governor by January 1, 2017.

As articulated in Section 3, Louisiana's motor fuel tax has consistently lost purchasing power since established at its current rate. To be clear, the loss of purchasing power has occurred on many different fronts. The most inclusive way to review the impacts of inflation is by studying CPI. According to the U.S. Department of Labor's Bureau of Labor Statistics, CPI has increased 131.25 percent since 1984 when the State's 16 cent motor fuel tax was established. From this perspective, the 16 cent motor fuel tax has the purchasing power of less than 7 cents today. In order to have not lost purchasing power based on CPI, the rate would have needed to gradually increase over time to 37 cents today.

While CPI is the most inclusive inflationary measurement, a review of increases in highway construction costs over time is very impactful to DOTD's purchasing power. According to the Institute on Taxation and Economic Policy (ITEP), highway construction costs have increased 62.3 percent since 1990. Assuming a consistent annual rate of inflation over time, from this perspective the 16 cents established in 1984 has the purchasing power of 7.5 cents today. To have lost no purchasing power based only on highway construction cost, it would have needed to gradually increase over time to approximately 33.4 cents today. Future construction costs are expected to increase an additional 11.4 percent by 2025 for a total increase of 73.7 percent, which would require an increase to 36.9 cents to prevent a loss of purchasing power.

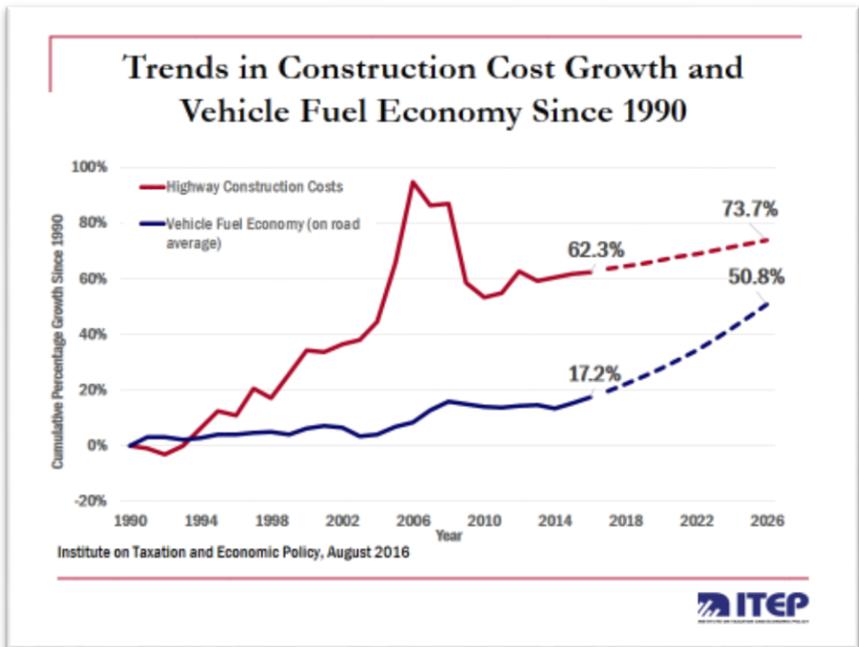
With the effects of increased fuel economy having a direct impact to per capita fuel consumption that drives motor fuel revenue generation, DOTD has lost considerable purchasing power due to fuel economy alone.

According to the ITEP, shown in Graphic P, fuel economy has increased 17.2 percent since 1990. Assuming a consistent annual rate of inflation over time, from this perspective, the 16 cents established in 1984 has the purchasing power of 12.9 cents today. To have lost no purchasing power based only on fuel economy, the rate would have needed to gradually increase over time to approximately 19.7 cents today. Future fuel efficiency requirements are expected to

increase an additional 33.6 percent by 2025 for a total increase of 50.8 percent, which would require an increase to 25.3 cents to prevent a loss of purchasing power.

All of this is very important because it demonstrates how the past decision not to index motor fuel taxes has put Louisiana in its current position of being unable to deliver the transportation system that is needed. Any amount of revenue that is increased for transportation will immediately lose value if not accompanied by an indexing method. There is no perfect way to index; however, many mechanisms exist to prevent volatility such as floors and ceilings and the establishment of systems of accountability to create a checks and balances system. The practice of indexing is becoming common across the United States as other states learn from the same mistakes that we have made in Louisiana.

Graphic P: It Costs More to Build a Highway and Better Fuel Economy Has Drivers Investing Less



Subsection 7.7: Resolution G – Tolling

On November 9, 2016, the Governor’s Task Force on Transportation unanimously adopted the following resolution, recommending the use of tolling to supplement new sources of recurring revenue in fully funding infrastructure projects in Louisiana

WHEREAS, pursuant to JBE 2016-23, the Governor’s Task Force on Transportation Infrastructure Investment (Task Force) was created to identify and recommend community driven solutions to address multimodal transportation needs in Louisiana; and

WHEREAS, JBE 2016-23 charges the 18-member Task Force with completing its work and submitting a recommendation to Governor John Bel Edwards by January 1, 2017, for consideration in the 2017 Regular Legislative Session; and

WHEREAS, Task Force members attended meetings in each region of the State, where over 700 citizens representing business and other stakeholders attended, hosted by regional economic development organizations and metropolitan planning organizations to receive transportation investment ideas from communities across Louisiana; and

WHEREAS, the Task Force found that each region of the State acknowledged support for the use of tolling as a transportation policy and as means of financing transportation projects where applicable; and

WHEREAS, the DOTD has studied tolling, its use in other states, learned about its viability in Louisiana, and has extensive access to tolling best practices and resources; and

WHEREAS, the State of Louisiana does not possess the population and traffic levels to support the widespread use of tolling, and there are no projects in Louisiana that can be fully funded by tolling alone; and

WHEREAS, tolling can be utilized to fund a portion of a very limited number of projects in Louisiana, provided that new sources of revenue are available to fund the remaining project costs; and

WHEREAS, Act 1209 of the 2001 Regular Legislative Session specifically authorized tolling and granted such authority to the Louisiana Transportation Authority.

THEREFORE BE IT RESOLVED, that the Governor's Task Force on Transportation Infrastructure Investment does hereby recommend the use of tolling to supplement new sources of recurring revenue in fully funding certain transportation infrastructure projects in Louisiana based on industry standards and best practices; and

BE IT FURTHER RESOLVED, the Task Force understands that tolling may not be sufficiently successful in Louisiana without new recurring sources of revenue the Department of Transportation and Development can use to aid in fully funding total project costs, and

BE IT FURTHER RESOLVED, the Task Force will recommend how to provide sufficient new recurring revenue to fund multimodal transportation projects in Louisiana by January 1, 2017; and

BE IT FURTHER RESOLVED, the findings contained herein shall be included in the submission to the Governor by January 1, 2017.

According to the International Bridge, Tunnel, and Turnpike Association (IBTTA), 34 states have at least one tolled highway, bridge, or tunnel structure. Louisiana, along with neighboring states of Texas, Oklahoma, Alabama, Florida, and Georgia currently utilize tolling, while Mississippi, Arkansas, and Tennessee do not. Louisiana currently has two toll structures. The LA 1 toll bridge is operated by DOTD, and the Lake Pontchartrain Causeway toll bridge is operated by the Greater New Orleans Expressway Commission. Approximately \$13 billion was generated by toll facilities across the nation in 2013. In 2013, LA 1 and the Causeway facilities generated approximately \$21 million (\$5 million and \$16 million, respectively), equating to 0.17 percent of total national toll revenue generation.

While Louisiana's population and traffic volumes dictate where tolling is feasible, there are several important projects where traffic volumes are sufficient to generate a meaningful portion of the total project cost through tolls. The issue preventing use of tolling at this time is revenue to fund the portion of project cost that is not covered by tolls, along with local support for tolling a project. If enacted together with recurring revenue, the State could better leverage its resources to quickly deliver more large-scale projects.

Failure to expand the use of tolling to supplement new sources of recurring revenue will limit the State's ability to leverage its resources, reducing how quickly many large-scale projects can be constructed in Louisiana. As the Task Force traveled and heard from citizens, a recurring sentiment was that tolling could generate sufficient revenue to address the State's transportation infrastructure needs. Tolling alone cannot finance a single project in Louisiana, but it can be utilized as a supplement to recurring sources of revenue to fully finance projects. The Task Force studied these issues and determined that tolling should be expanded in Louisiana.

Subsection 7.8: Resolution H – Public Private Partnerships

On November 9, 2016, the Governor’s Task Force on Transportation unanimously adopted the following resolution, recommending the use of public private partnerships in funding transportation infrastructure projects in Louisiana.

WHEREAS, pursuant to JBE 2016-23, the Governor’s Task Force on Transportation Infrastructure Investment (Task Force) was created to identify and recommend community driven solutions to address multimodal transportation needs in Louisiana; and

WHEREAS, JBE 2016-23 charges the 18-member Task Force with completing its work and submitting a recommendation to Governor John Bel Edwards by January 1, 2017, for consideration in the 2017 Regular Legislative Session; and

WHEREAS, Task Force members attended meetings in each region of the State, where over 700 citizens representing business and other stakeholders attended, hosted by regional economic development organizations and metropolitan planning organizations to receive transportation investment ideas from communities across Louisiana; and

WHEREAS, the Task Force found that each region of the State acknowledged interest and support for the use of Public Private Partnerships (P3s) as a means of financing transportation projects; and

WHEREAS, P3s require an initial large-scale investment from the private sector whereby a return on investment is received through tolls, resources from the State, and/or other stakeholders over time; and

WHEREAS, the DOTD has studied the use of P3s in other states, has the available resources to manage a P3 process, and understands the P3 potential in Louisiana; and

WHEREAS, current funding levels for transportation prevent P3s from being viable in Louisiana because there are no available sources of recurring revenues to return to the private sector for its investment over time; and

WHEREAS, certain projects in Louisiana would be viable candidates for P3s if sufficient new recurring sources of revenue were available for payments to private sector investors over time; and

WHEREAS, the use of P3s for certain projects within the Louisiana Statewide Transportation Plan could leverage new recurring sources of revenue in a manner that provides for the timely advancement of a larger number of projects; and

WHEREAS, no legislative action is required to pursue P3s as Act 1209 of the 2001 Regular Legislative Session specifically authorized P3s through the Louisiana Transportation Authority; and

WHEREAS, Act 519 of the 2016 Regular Session granted the Department of Transportation and Development the authority to solicit P3s.

THEREFORE BE IT RESOLVED, that the Governor’s Task Force on Transportation Infrastructure Investment does hereby recommend the use of Public Private Partnerships to fund certain transportation infrastructure projects in Louisiana; and

BE IT FURTHER RESOLVED, that P3s may not be successful in Louisiana without increased recurring sources of revenue that the Department of Transportation and Development can use to fully finance mega projects, even with the involvement of private sector investors; and

BE IT FURTHER RESOLVED, that sufficient increased recurring sources of revenue enacted by the Louisiana Legislature would make the following projects immediately viable for P3 solicitations, based on the projects development and delivery status:

- (a) New Mississippi River Bridge, inclusive of the LA 415 Connector – Baton Rouge Region*
- (b) I-10 Calcasieu River Bridge – Lake Charles*
- (c) LA 511 (J. Davis) Bridge – Shreveport*
- (d) I-49 South – Lafayette, Morgan City, and Houma-New Orleans areas*
- (e) New Ouachita River Bridge – Monroe/West Monroe; and*

BE IT FURTHER RESOLVED, that although the aforementioned projects can be advanced without a P3, the Task Force is recommending P3 solicitations in an

effort to leverage new recurring sources of revenue for transportation in Louisiana; and

BE IT FURTHER RESOLVED, that the Task Force will recommend how to provide sufficient new recurring revenues to fund multimodal transportation projects in Louisiana by January 1, 2017; and

BE IT FURTHER RESOLVED, that the findings contained herein shall be included in the submission to the Governor by January 1, 2017.

According to the IBTTA, 33 states have enabling legislation that allows the use of public private partnerships in highway finance. This includes Louisiana, along with neighboring states of Texas, Arkansas, Mississippi, Alabama, Florida, Georgia, and Tennessee. Oklahoma does not have enabling legislation for public private partnerships. Louisiana has all of the enabling legislation needed to pursue P3s but no available revenue to commit to a project. Like tolling, P3s require the State to have recurring revenues to dedicate toward a specific project. If enacted together with recurring revenue, the State of Louisiana could better leverage its resources to deliver more large-scale projects across the State.

Failure to utilize P3s to supplement new sources of recurring revenue will limit the State's ability to leverage its resources, reducing how quickly many large-scale projects can be constructed in Louisiana. As the Task Force traveled and heard from citizens, a recurring sentiment was that P3s could generate sufficient revenue to address the State's transportation infrastructure needs. The Task Force studied this issue and determined that P3s should be used in Louisiana but with the understanding that the State must have available revenue to commit to a P3 in order to garner interest from private sector investors.

Subsection 7.9: Resolution I – PILOTS and TIFS

On December 13, 2016, the Governor’s Task Force on Transportation Infrastructure Investment unanimously adopted the following resolution to recommend the use of PILOTS and TIFs in funding transportation infrastructure projects in Louisiana.

WHEREAS, pursuant to JBE 2016-23, the Governor’s Task Force on Transportation Infrastructure Investment (Task Force) was created to identify and recommend community driven solutions to address multimodal transportation needs in Louisiana; and

WHEREAS, JBE 2016-23 charges the 18-member Task Force with completing its work and submitting a recommendation to Governor John Bel Edwards by January 1, 2017, for consideration in the 2017 Regular Legislative Session; and

WHEREAS, Task Force members attended meetings in each region of the State, where over 700 citizens representing business and other stakeholders attended, hosted by regional economic development organizations and metropolitan planning organizations to receive transportation investment ideas from communities across Louisiana; and

WHEREAS, attendees of regional meetings identified PILOTS as means of financing transportation projects where applicable; and

WHEREAS, the term PILOT is an acronym for “Payment in lieu of Taxes” and PILOTS have been successfully used as an economic development tool in Louisiana for many years, in multiple parishes/municipalities and for different types of projects; and

WHEREAS, important proposed public infrastructure improvements can be paid for through a payment in lieu of tax (PILOT) arrangement with the local governing bodies to use all or a portion of the amounts that would otherwise be paid in property tax to reimburse the expenditures for such infrastructure or used to pay debt service on bonds issued to pay the costs of the infrastructure; and

WHEREAS, Tax Incremental Financings (TIFs) have been utilized to pay the costs of transportation infrastructure projects in the State; and

WHEREAS, undeveloped property provides local taxing bodies with only a negligible amount in current property taxes and collects no sales taxes currently. Future development is expected to generate significantly more tax dollars to the taxing authorities and the use of public infrastructure will be realized by all citizens; and

WHEREAS, the PILOT arrangement is voluntary to all parties, fair to taxpayers, and effectively leverages private development to fund public infrastructure; and

WHEREAS, PILOTs are many times associated with Tax Increment Financing (TIF) and TIFs are utilized in 49 states and the District of Columbia; and

WHEREAS, PILOTs have been utilized with success on the local level and, to the extent there are no implications of existing state general fund revenues, could be utilized on the state level.

THEREFORE BE IT RESOLVED, the Governor's Task Force on Transportation Infrastructure Investment does hereby recommend the use of PILOTs and TIFs in funding transportation infrastructure projects in Louisiana with local and state approval; and

BE IT FURTHER RESOLVED, the findings contained herein shall be included in the submission to the Governor by January 1, 2017.

The State has entered into non-transportation related TIFs on several occasions in an effort to promote economic development. These agreements provide tax incentives to developers or companies, such as not having to pay sales tax for a term. PILOTs are similar and have occurred relating to local property taxes in Louisiana. TIFs and PILOTs are utilized in many states to incentivize companies and promote economic development.

While transportation related TIFs and PILOTs have not been executed on the state level, transportation related PILOTs have been enacted in Louisiana on the local level. As an example of what occurs, a local government could choose to allow a company to spend 10 years of projected property tax expenses toward the construction of a road or bridge. In some cases, local governments and the private sector have partnered in this way to make enhancements that affect the State system when the State lacked funding for the desired improvements. For these projects, DOTD has to review and concur with the plans.

For transportation TIFs and PILOTs, the benefit to the company and the public is that a public transportation need is being met. The revenue is necessarily being directed from a different public need such as healthcare, education, etc., to transportation. Because of this, use of TIFs and PILOTs for transportation must be very thoughtful and voluntary for all parties involved.

The Task Force views the use of TIFs and PILOTs for transportation as a tool to supplement increased recurring sources of revenue in delivering transportation projects. Like tolling and P3s, reliance on PILOTs and TIFs will not address the State's transportation issues.

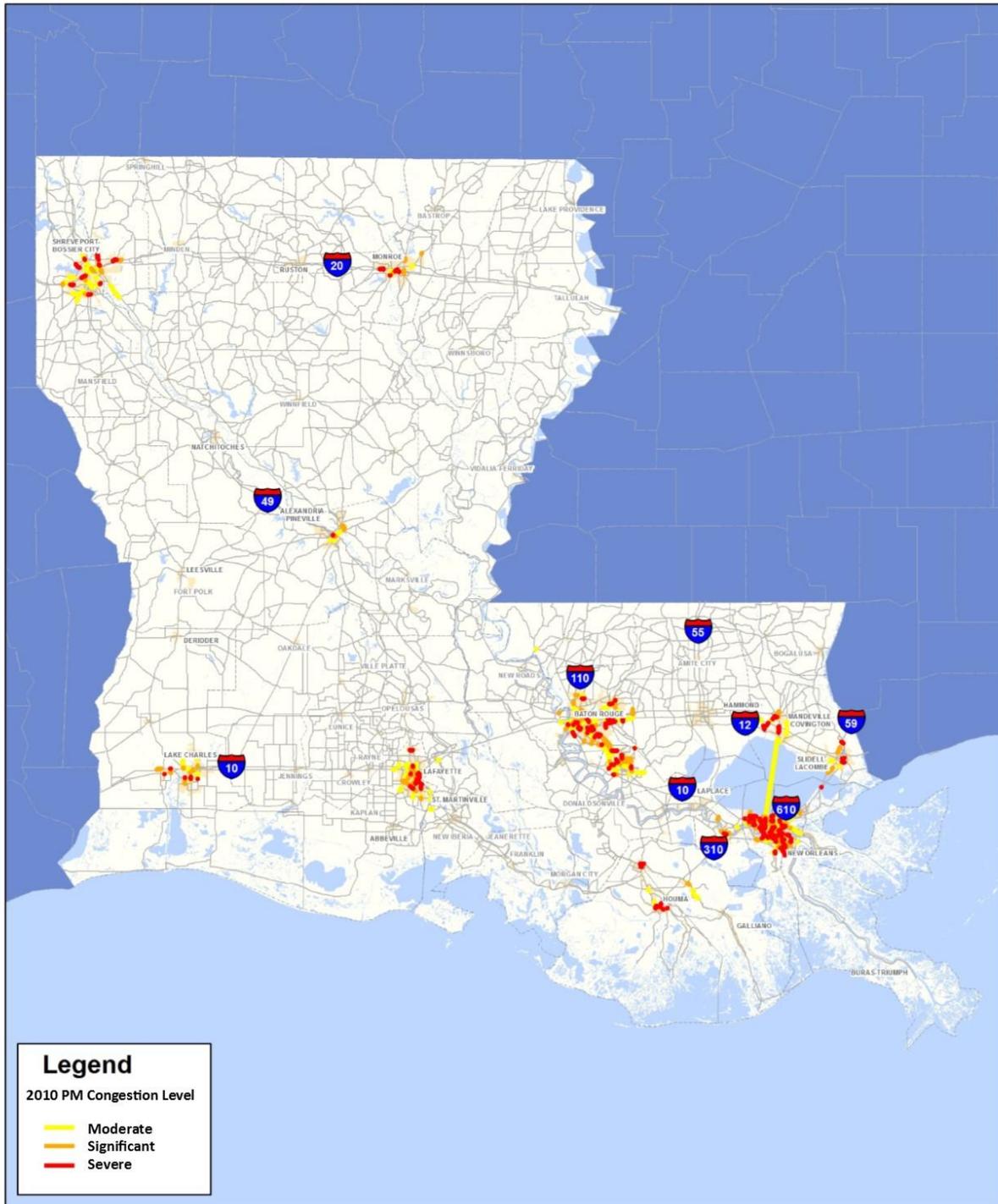
Section 8.0: Concluding Statement

This report captures the key facts and issues identified by the Task Force in its pursuit of meeting JBE 2016-23's charge. Understanding there is no one-time fix for addressing the State's multimodal transportation needs, the Task Force was very diligent and thoughtful in formulating the sustainable, nationally proven policy recommendations that were adopted by resolution and are expanded upon in this report. If enacted together, Louisiana's current and future multimodal transportation needs will be addressed in a comprehensive, timely, and efficient manner that delivers meaningful economic benefits and will improve the overall quality of life for the citizens of this State.

The Task Force urges all interested parties to familiarize themselves with the recommendations and information included in this report, and stands ready to be of assistance to the Administration in its effort to enact sustainable solutions for multimodal transportation infrastructure in Louisiana.

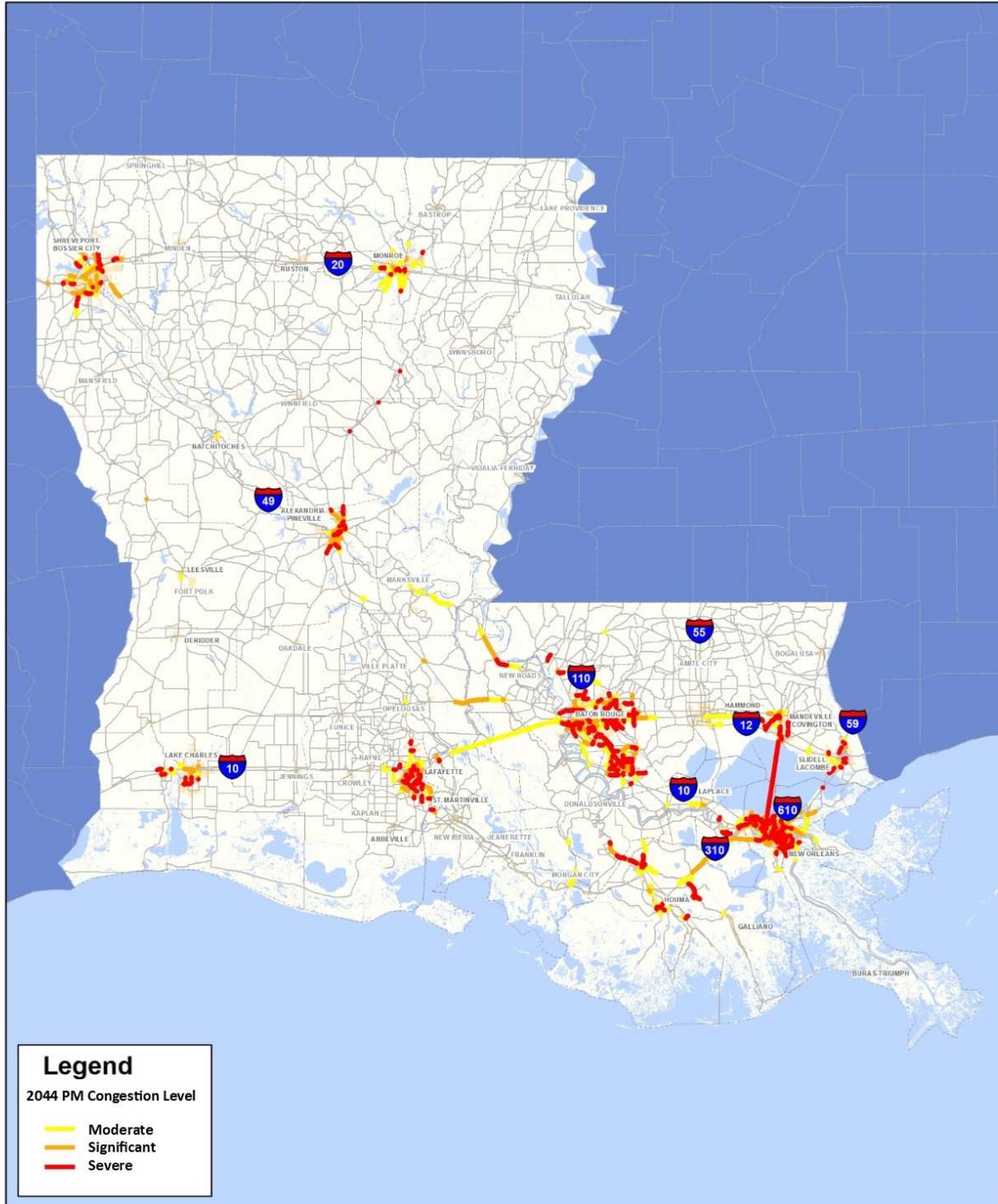
Section 9.0: Appendices

Appendix A –Congestion in 2010



Louisiana 2010 Statewide Network
2010 LOS

Appendix A (continued) – Congestion in 2044



0 10 20 40 Miles

Louisiana 2044 Statewide Network
2044 E+C LOS

Appendix B – Regional Meetings

Widespread support existed for solving the State’s multimodal transportation needs among the economic development organizations and metropolitan planning organizations that hosted each meeting. The following is an expression of key feedback received by attendees of regional meetings.

New Orleans Region:

- Support for a 20 cent increase in the motor fuel tax, or other sources.
- Support indexing revenue source(s) to meet long-term needs, prevent future funding issues.
- Support for urban highway needs, transit.

Shreveport Region:

- Support innovative financing such as tolls and P3s.
- Support expansion of interstate systems.
- Support expanded investment in multimodal transportation, particularly ports.

Houma Region:

- Support innovative financing such as tolls and P3s.
- Support for multimodal transportation, particularly ports.
- Support for user fee models to finance transportation.

Lake Charles Region:

- Support innovative financing such as tolls, P3s, PILOTs, and TIFs.
- Support expanded investment in multimodal transportation, particularly on ports.
- Support empowering local governments to address local transportation needs.

Lafayette Region:

- Support user fee models such as tolling and commercial trucking fees.
- Support for enhanced partnership between state, local government in transportation planning.

Monroe Region:

- Support for indexing transportation revenue.
- Support for rural highway, bridge needs.
- Support for user fee models such as commercial trucking fees.

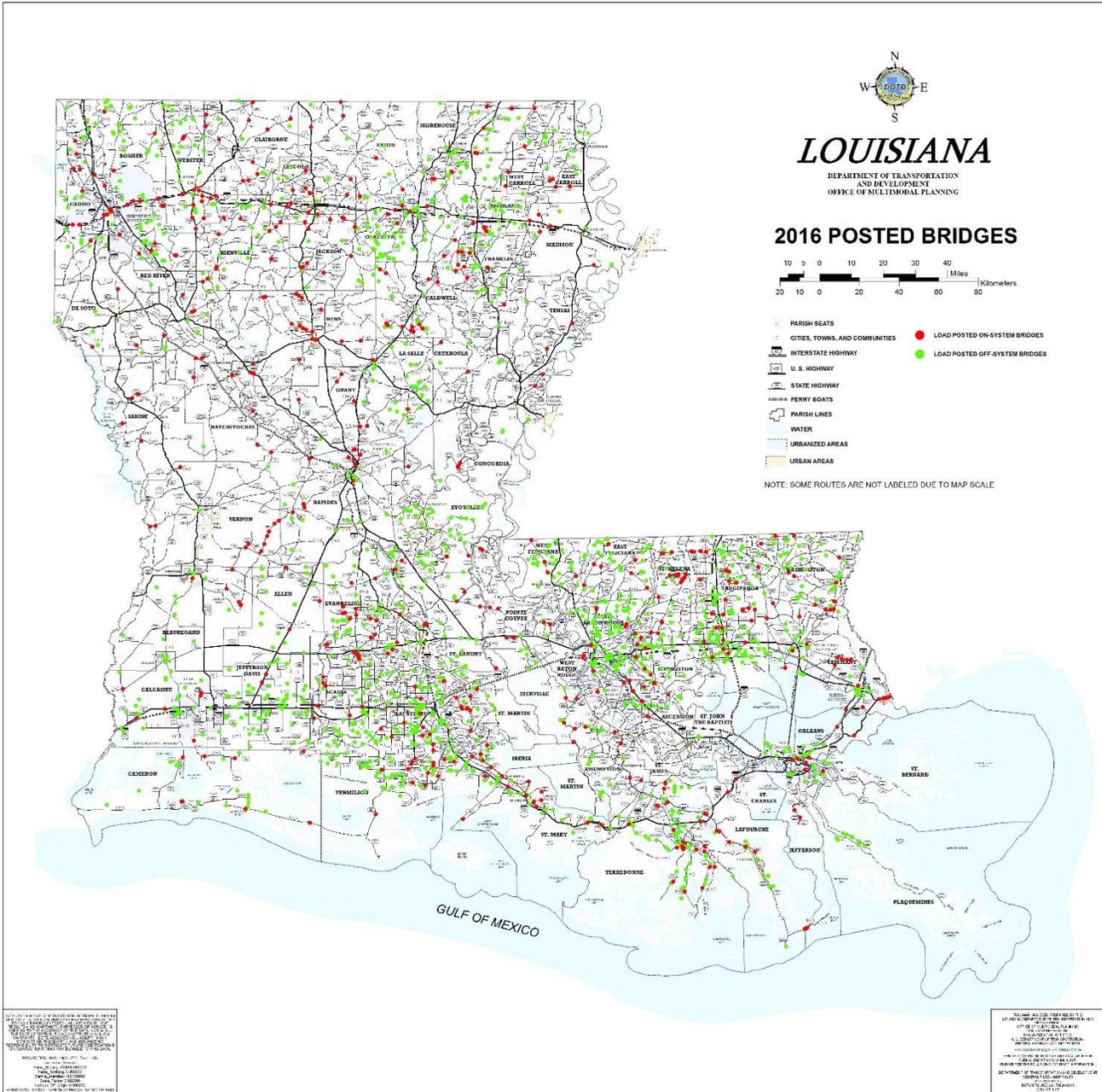
Alexandria Region:

- Support empowering DOTD districts to deliver quick improvements such as overlays.
- Support rural transportation improvements.
- Support user fee models such as commercial trucking fees.

Baton Rouge Region:

- Support major increased investment to deliver regional congestion relief.
- Support innovative financing such as tolling and P3s.

Appendix C – Load-Posted Bridges



**REPORT TO THE GOVERNOR: SUSTAINABLE SOLUTIONS FOR MULTIMODAL
TRANSPORTATION INFRASTRUCTURE IN LOUISIANA**

Submitted by the Governor's Task Force on Transportation Infrastructure Investment

Shawn D. Wilson Ph.D., DOTD Secretary (Co-Chair)

John Basilica, Member At-Large (Co-Chair)

Greg Morrison, Member At-Large

John Alario, Senate President

Taylor Barras, Speaker of the House

Page Cortez, Chairman of Senate Transportation Committee

Kenny Havard, Chairman of the House Transportation Committee

Jay Dardenne, Commissioner of Administration

Kim Robinson, Secretary of Louisiana Department of Revenue

Ann Trappey, Economic Development Representative

Wyly Gilfoil, Economic Development Representative

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John Gallagher, Louisiana Municipal Association

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December 2016