

*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.