

*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.