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BGR RELEASE

For Immediate Release – May 11, 2012

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Saving the Crescent City Connection's Other Funding Source

The threat of ending tolls on the Crescent City Connection (CCC) has sparked a good deal of controversy both in the Legislature and on the local scene. But lost in these debates is the fate of another major funding source: State Highway Fund No. 2. As a result, this critical funding source is threatened, and at precisely the worst moment.

Created in 1952, State Highway Fund No. 2 is a special transportation fund that receives a portion of motor vehicle license taxes collected in Jefferson, Orleans, St. Charles, St. John the Baptist, St. Tammany and Tangipahoa parishes. It is evenly divided between the Lake Pontchartrain Causeway Commission and the CCC Division of the Louisiana Department of Transportation and Development (DOTD).¹ It is the CCC Division's second-largest revenue source, after tolls.

The CCC Division is entitled to receive its share of State Highway Fund No. 2 as long as there are outstanding revenue bonds to support the bridge or ferries. The last of the currently outstanding bonds are scheduled for repayment in 2012. Without other action, the dedication of State Highway Fund No. 2 will expire on their repayment. If the dedication is allowed to expire, the revenue that now goes to State Highway Fund No. 2 will go to Louisiana's Transportation Trust Fund (TTF).

¹ Article VI, Section 22(G) of the Louisiana Constitution of 1921.

It is possible to maintain the dedicated revenue stream for the CCC by issuing new debt for capital improvements. However, SB 599 attempts to preclude the issuance of new debt, and the continued dedication of revenues to the CCC, by redirecting the CCC Division's share of State Highway Fund No. 2 to the TTF.

State Highway Fund No. 2 generates significant revenue. In a report released last year, BGR found that, between 2006 and 2010, the fund generated an average of \$5.5 million per year for the CCC Division.

In that report, [Over the River: The Future of the Crescent City Connection Bridge and Ferries](#), BGR determined that the funds from State Highway Fund No. 2 would be sufficient to meet the \$52 million of capital needs that DOTD has identified for the bridge and a portion of operating expenses. BGR estimated that it would cost \$3.4 million to service the debt for those capital expenses. The remaining revenues from the fund would be available for certain operating expenses, such as the bridge's extensive lighting and police patrols. At the time of BGR's report, the DOTD gave figures of \$600,000 and \$2.5 million for these expenses.

BGR has recommended that the State take the steps necessary to continue the dedication of State Highway Fund No. 2 to the CCC. The possible end of tolls makes it all the more important to preserve this old, reliable source of funding.

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BGR is a private, nonprofit, independent research organization. Since its founding in 1932, it has been dedicated to informed public policy-making and the effective use of public resources in the Greater New Orleans area. For more information call 525-4152 or visit BGR's website, www.bgr.org.