ADVISORY GROUP ON____Efficiency and Benchmarking_____PROPOSAL#:____AGEB # 7_____
SUBJECT:___Capital Outlay/Local Government Infrastructure Bank___DATE ADOPTED BY ADVISORY GROUP: __9-8-09____
COMMISSION ACTION:_____ DATE:_____

RECOMMENDATION: To create a self-perpetuating revolving loan fund which would be available to local governments for purpose of financing local government projects through low interest rate loans rather than funding local government projects through the capital outlay process.

Summary Description/Nature of Change	Key Implementation Responsibilities	Need	Action Needed	Benefit/Saving	Done/Study
To create a self-perpetuating revolving loan fund which would be available to local governments for purpose of financing local government projects through low interest rate loans rather than funding local government projects through the capital outlay process.	Legislature	To save money and free up funds by focusing capital outlay priorities on statewide needs, and to assist local governments in financing local capital needs by creating a low interest rate loan source.	Statutory enactment and amendment.		

State assistance to local governments for local government infrastructure projects has grown steadily over the last three decades to the point that it now consumes 25% of the state's annual appropriation for capital outlay. The Louisiana Streamlining Government Commission acknowledges the need for the state to help local governments with expensive capital construction needed to maintain community viability, but the Commission also believes that it is not in the best interest of state programs, such as transportation, health care, higher education and economic development, which all have pressing capital outlay needs of their own, to continue this wholesale assistance to local government unfettered in its present form. The Commission recommends to the governor and the Louisiana Legislature that they provide long term support for local capital outlay projects through a self-perpetuating revolving loan fund. Local governments would be able to borrow money from this revolving loan pool to build their local projects at low interest rates and attractive financing terms. As loan payments are made, the fund would be able to make new loans. In effect, this revolving-loan pool would be self-perpetuating and operate as a state-sponsored infrastructure bank for local government. The Commission further recommends that all capital outlay projects for local government be funded through this infrastructure bank instead of the state's capital outlay budget.