

Financing the Future

Exploring Potential Financing
Mechanisms for Coastal Restoration
and Protection

Tulane Institute
on **Water** Resources Law & Policy

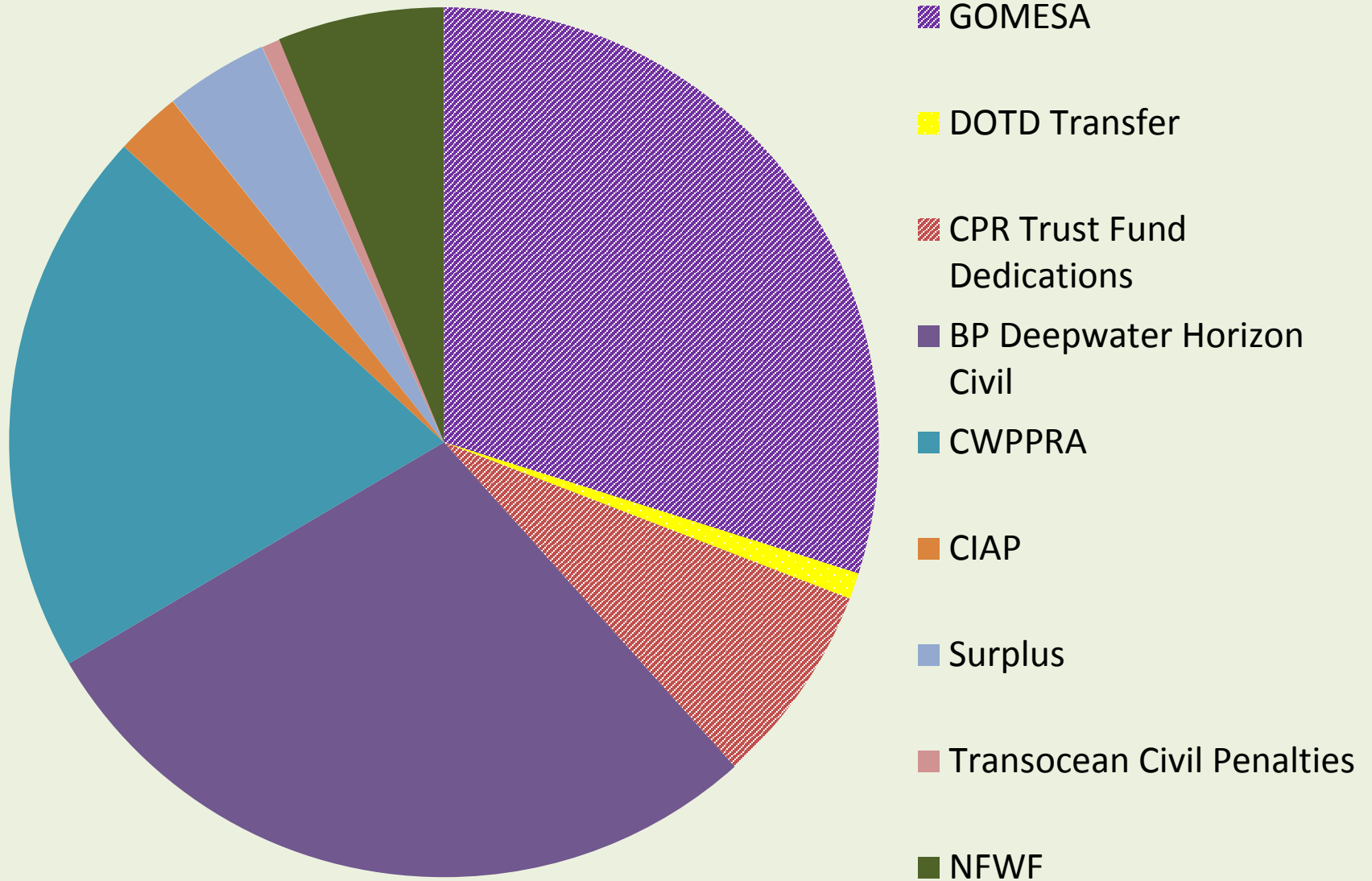
Louisiana's Comprehensive Master Plan for a Sustainable Coast

50 years - \$50 billion in 2010 constant dollars

Inflation-adjusted - \$91.7 billion



Identified Funding Sources ~ \$20.6 B

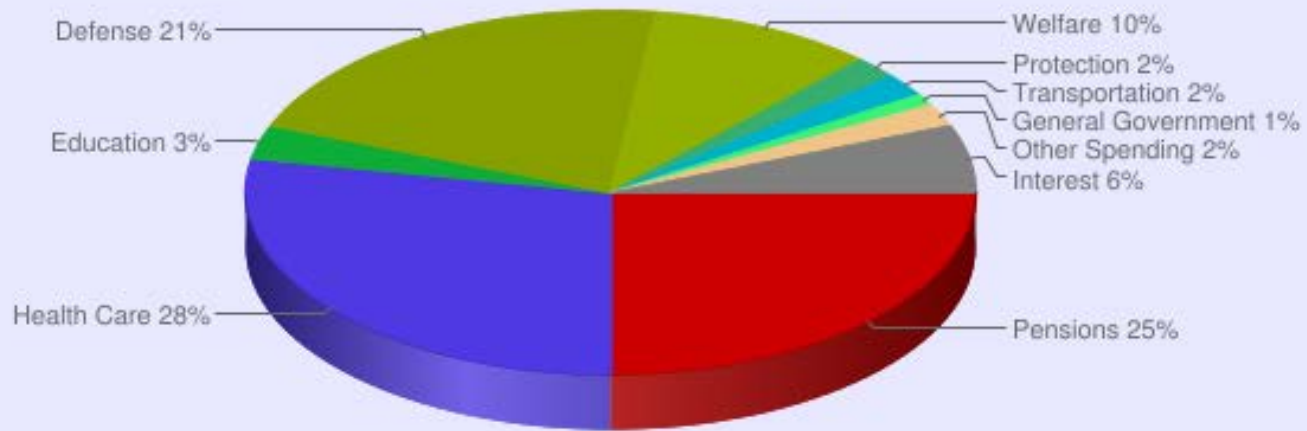


Funding Gap:

\$91.7 billion - \$20.6 billion = **\$71.1 billion**

National Security

Federal Outlays for - FY 2016



Climate change is a direct threat to U.S. citizens as well as a “threat multiplier” to critical infrastructure and military preparedness.

Readiness and Environmental Protection Integration (REPI) Program

State Funding Mechanisms

- Water marketing
- Pipeline tariff
- Cap & Trade/Carbon Tax
- Revolving loan program
- Matching program

Pipeline Tariff

~\$85 billion/yr in Oil and Natural Gas moves through Louisiana

To pass constitutional muster:

Substantial nexus between taxpayer & state

Fair apportionment

Non-discriminatory

Fair relationship between tax and services provided by state

- *Complete Auto Transit, Inc. v. Brady*, 430 U.S. 274 (1977).

Cap & Trade/Carbon Price

- Regional Greenhouse Gas Initiative – RGGI



During the 2012-2014 period, the states received, programmed, and disbursed virtually all the \$1.0 billion in allowance proceeds back into the economy. The money has been spent on energy efficiency measures, community-based renewable power projects, assistance to low-income customers to help pay their electricity bills, greenhouse gas reduction measures, and education and job training programs. Net economic benefit of \$1.3 billion.

TX SWIFT Program

- Priority for projects that serve:
 - Larger populations
 - Multiple communities
 - Multiple regions

Insurance & Credit

“To date, sea level rise has not played a material role in Fitch’s assessment of the fundamental credit characteristics of any of its rated issuers...However, there are real threats faced by governments in coastal areas. As the effects of sea level rise upon issuers’ credit fundamentals become known and measurable, over time these considerations may take on greater importance as a credit factor in Fitch’s rating decisions.”

Public-Private Partnership (P3)

Figure 1. Different Levels of Private Sector Engagement in PPP Contracts

	Identify Infrastructure Need	Propose Solution	Project Design	Project Financing	Construction	Operation/Maintenance	Ownership
Bid/Build	Public Sector				Private Sector	Public Sector	
Design/Build	Public Sector		Private Sector	Public Sector	Private Sector	Public Sector	
Design/Build/Finance	Public Sector		Private Sector			Public Sector	
Design/Build/Finance/Operate/Maintain	Public Sector		Private Sector				Public Sector

Source: Brookings analysis and expert interviews

Conclusions

- Diverse revenue sources
- Coordination between sources/interests
- We can't wait