Present law requires non-state entities applying for capital outlay funding to provide a match of not less than 25% of the total requested funding amount with the following exceptions: (1) Projects deemed to be an emergency by the commissioner, (2) Projects for which a non-state entity has demonstrated its inability to provide a local match. Proposed law retains present law.

Present law also provides for an exception from the 25% local match requirement for rural water systems that service less than 1,250 customers. Proposed law changes eligibility from rural water systems to water and sewer systems. Proposed law adds an exception to local match requirements for projects undertaken by a governmental entity to provide natural gas utility services to 1,250 or fewer customers.

Exempts certain non-state entity projects from local match requirements

This measure is anticipated to reduce local expenditures given that it expands the criteria for exception from the 25% local match requirement for certain local capital outlay projects. The amount of this decrease is indeterminable as it depends on the number of approved local projects and the project’s total cost. However, the enactment of the proposed legislation may encourage more sewer systems and natural gas utility providers to apply for capital outlay funds since they may be exempt from the 25% match requirement.

Note: This measure has no impact on state expenditures since the number of capital outlay projects and the amount of capital outlay spending are functions of the state’s available debt capacity, which is not impacted by the proposed change to non-state entity projects. The line of credit for non-state entity projects is currently limited to no more than 25% of the cash line of credit for projects. Therefore the same total amount will be appropriated for non-state entity projects. However, this may impact how the total line of credit for non-state entity projects is allocated on a per-project basis.

There is no anticipated direct material effect on governmental revenues as a result of this measure.