

2017 Regular Session

HOUSE BILL NO. 189

BY REPRESENTATIVE DEVILLIER

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

CAPITAL OUTLAY: Provides relative to capital outlay reform

1 AN ACT

2 To amend and reenact R.S. 39:112(C)(2)(b)(introductory paragraph), (E)(1) and (2)(b) and

3 (c), and 122(A), relative to capital outlay; to provide with respect to the capital

4 outlay process; to provide for certain definitions; to provide for certain requirements

5 for non-state entity projects; to provide for changes to the allocation of cash line of

6 credit capacity each fiscal year; to provide with respect to the local match

7 requirements for certain projects; to provide relative to line of credit

8 recommendations for projects; to require the approval of certain line of credit

9 recommendations; to provide for an effective date; and to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 39:112(C)(2)(b)(introductory paragraph), (E)(1) and (2)(b) and (c),
12 and 122(A) are hereby amended and reenacted to read as follows:

13 §112. Capital outlay act

14 * * *

15 C.

16 * * *

17 (2) For purposes of this Section, the following terms shall have the following
18 meanings unless the context clearly indicates otherwise:

19 * * *

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 (b) "Economic development project" means a recruitment or retention
2 project undertaken or sponsored by the Department of Economic Development
3 which meets all of the following:

4 * * *

5 E.(1) General obligation bond funding of non-state projects shall be limited
6 to no more than ~~twenty-five~~ ten percent of the cash line of credit capacity for projects
7 in any fiscal year. The commissioner shall equally divide the portion of cash line of
8 credit capacity granted to non-state projects in any fiscal year among the parishes.
9 Of the portion of cash line of credit capacity each fiscal year granted to state
10 projects, the commissioner shall designate no less than fifty percent for highway and
11 bridge projects. Non-state projects are those projects not owned and operated by the
12 state except those projects determined by the commissioner of administration to be
13 a regional economic development initiative or regional health care facility operated
14 in cooperation with the state.

15 (2) Non-state entity projects shall require a match of not less than twenty-
16 five percent of the total requested amount of funding except:

17 * * *

18 (b) ~~A project of a non-state entity which has demonstrated its inability to~~
19 ~~provide a local match. The division of administration shall promulgate rules~~
20 ~~establishing a needs-based formula for determining the inability of a non-state entity~~
21 ~~to provide the required local match. However, such rules shall be approved by the~~
22 ~~House Committee on Appropriations, the House Committee on Ways and Means, the~~
23 ~~Senate Committee on Finance, and the Senate Committee on Revenue and Fiscal~~
24 ~~Affairs before they are promulgated.~~

25 (c) A project for a rural water system servicing less than one thousand
26 customers to extend or connect waterlines to other water systems.

27 * * *

1 §122. Commencement of work

2 A. No work shall commence and no contract shall be entered into for any
3 project contained in the capital outlay act unless and until funds are available from
4 the cash sources indicated in the act or from the sale of bonds or from a line of credit
5 approved by the State Bond Commission, except contracts for Department of
6 Transportation and Development projects which are subject to the provisions of R.S.
7 48:251(D). ~~The Joint Legislative Committee on Capital Outlay~~ commissioner of
8 administration shall make recommendations to the ~~commissioner of administration~~
9 Joint Legislative Committee on Capital Outlay concerning the ~~non-state~~ state and
10 non-state entity projects to be granted lines of credit. The commissioner of
11 administration shall submit to the Joint Legislative Committee on Capital Outlay a
12 list of state and non-state entity projects ~~that will be submitted to the State Bond~~
13 ~~Commission~~ that the division of administration recommends for lines of credit a
14 ~~minimum of five days prior to the submission to the State Bond Commission~~ no less
15 than thirty days prior to the meeting date of the State Bond Commission in which the
16 lines of credit are to be considered. The Joint Legislative Committee on Capital
17 Outlay shall receive the list of recommendations from the division of administration
18 and shall have discretion to either approve the list or make changes to the list. The
19 committee shall make final recommendations and shall approve a list of projects
20 which shall be submitted to the State Bond Commission for consideration of lines
21 of credit. Only projects which received approval from the Joint Legislative
22 Committee on Capital Outlay shall be submitted to the State Bond Commission for
23 consideration of lines of credit.

24 * * *

25 Section 2. This Act shall become effective on July 1, 2017.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 189 Original

2017 Regular Session

DeVillier

Abstract: Reduces the cash line of credit capacity designated for non-state projects to no more than 10%; repeals the exception to the local match requirement for non-state projects which demonstrate their inability to provide for their 25% local match; and requires the Joint Legislative Committee on Capital Outlay (JLCCO) to approve state and nonstate project line of credit recommendations before the division of administration submits the list to the State Bond Commission for funding.

Present law requires the governor to submit his capital outlay budget which implements the first year of the five-year program capital outlay program and the bond authorization bill for the sale of bonds to fund projects included in the bond portion of the capital outlay bill to the legislature no later than the 8th day of each regular session.

Present law authorizes capital outlay budget requests submitted after Nov. 1st to be included in the capital outlay act if the budget request meets all of the applicable requirements as provided in present law, except for time of submission, and the project is an economic development project recommended in writing by the secretary of the Dept. of Economic Development (DED), the project is an emergency project recommended in writing by the commissioner of administration, the project is for a non-state entity which meets certain present law requirements, or the project is located in a designated disaster area and it meets certain present law requirements.

Proposed law retains present law.

Present law defines the term "economic development" as the following:

- (1) Improvements on public or government-owned property for attracting or retaining a specific new or existing manufacturing or business operation that benefits La.
- (2) Facilities or improvements on public or government-owned property that generate new, permanent employment or which help retain existing employment.
- (3) Facilities or infrastructure improvements on public or government-owned property necessary for the manufacturing plant or business to operate.

Proposed law changes the definition to "economic development project" and expands the definition of the term to mean a recruitment or retention project undertaken or sponsored by DED which meets *all* of the criteria set out in present law.

Present law limits general obligation bond funding of non-state projects to no more than 25% of the cash line of credit capacity for projects in any fiscal year.

Proposed law reduces the amount of cash line of credit capacity for non-state projects from no more than 25% to no more than 10% of the cash line of credit capacity. Proposed law further requires the commissioner to divide the portion of cash line of credit capacity granted to non-state projects equally among the parishes.

Proposed law requires that of the portion of cash line of credit capacity each fiscal year granted to state projects, the commissioner shall designate no less than 50% for highway and bridge projects.

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 of administration.
- (2) Projects for which a non-state entity has demonstrated its inability to provide a local match. Present law requires the division of administration to promulgate rules establishing a needs-based formula for determining the inability of a non-state entity to provide the required local match.
- (3) Projects for rural water systems servicing less than 1,000 customers to extend or connect waterlines to other water systems.

Proposed law repeals the present law exception for non-state entity projects for which the non-state entity had demonstrated its inability to provide a local match.

Present law requires the JLCCO to make recommendations to the commissioner of administration concerning non-state entity projects to be granted lines of credit. Further requires the commissioner to submit the list of projects to be recommended for lines of credit to the JLCCO a minimum of five days prior to submission of the list to the State Bond Commission (SBC).

Proposed law changes present law by requiring the commissioner to make recommendations to the JLCCO concerning state and non-state entity projects to be recommended for lines of credit. Further requires the commissioner to submit the list of recommendations to the JLCCO no less than 30 days prior to the meeting date of the SBC in which the lines of credit are to be considered for funding.

Proposed law requires the JLCCO to make final recommendations by either approving the list of recommendations or making changes to the list. Only projects which received approval from the JLCCO can be submitted to the SBC for consideration of funding.

Effective July 1, 2017.

(Amends R.S. 39:112(C)(2)(b)(intro. para.), (E)(1) and (2)(b) and (c), and 122(A))