

2017 Regular Session

HOUSE BILL NO. 234

BY REPRESENTATIVE ZERINGUE

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

CAPITAL OUTLAY: Provides relative to the local match requirements for non-state entities applying for capital outlay funding

1 AN ACT

2 To amend and reenact R.S. 39:112(E)(2) and to enact R.S. 39:112(E)(3), relative to capital
3 outlay; to provide with respect to the capital outlay process; to provide for the local
4 match requirements for certain capital outlay projects; to add certain requirements
5 to the exception to the local match requirement for certain non-state entity projects;
6 to repeal certain exceptions to the local match requirement; to provide for
7 applicability; to provide for an effective date; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 39:112(E)(2) is hereby amended and reenacted and R.S. 39:112(E)(3)
10 is hereby enacted to read as follows:

11 §112. Capital outlay act

12 * * *

13 E.

14 * * *

15 (2) ~~Non-state~~ Except as provided for in Paragraph (3) of this Subsection,
16 non-state entity projects shall require a match of not less than twenty-five percent of
17 the total ~~requested amount of funding~~ project cost except:

18 (a) A project deemed by the commissioner of administration to be an
19 emergency project.

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

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

10 (3) The commissioner may reduce the local match requirement for non-state
11 entity projects to not less than ten percent of the total project cost if the non-state
12 entity completes the following requirements:

13 (a) Executes a statement of sponsorship which shall include certification by
14 the non-state entity that all lands, easements, and rights-of-way for the project will
15 be acquired, that all permits to construct the project will be secured, and that all pre-
16 construction activities including planning, designing, and engineering for the project
17 will be completed, all without cost to the state. The non-state entity shall execute the
18 statement of sponsorship prior to requesting a reduction in the local match
19 requirement from the commissioner.

20 (b) Executes an agreement to assume all maintenance and operation costs for
21 the project and all future alterations to the project without cost to the state.

22 * * *

23 Section 2. The provisions of this Act shall be applicable to the funding of all non-
24 state entity projects included in the capital outlay budget for fiscal years commencing on and
25 after July 1, 2017.

26 Section 3. This Act shall become effective upon signature by the governor or, if not
27 signed by the governor, upon expiration of the time for bills to become law without signature
28 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

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

- 1 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 2 effective on the day following such approval.

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 234 Engrossed

2017 Regular Session

Zeringue

Abstract: Repeals the exception to the local match requirement for non-state entities which demonstrate their inability to provide for their 25% local match and adds authority for the local match requirement to be reduced to 10% if certain requirements are met.

Present law requires the legislature to enact a capital outlay bill which incorporates the first year of the five-year capital outlay program including the appropriation of funds from specified sources for capital projects to be expended during the next fiscal year. Present law establishes a process for applying for capital outlay funding as well as a process for reviewing and evaluating applications.

Proposed law retains present law.

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. Proposed 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 and changes the basis for the local match from not less than 25% of the *total requested funding amount* to not less than 25% of the total project cost.

Proposed law adds authority for the commissioner to reduce the local match requirement for non-state entity projects to not less than 10% of the total project cost if the non-state entity does meets the following requirements:

- (1) Executes a statement of sponsorship which includes certification that all lands, easements, and rights-of-way will be acquired, that all permits to construct the project will be secured, and that all pre-construction activities such as planning, designing, and engineering will be completed, all without cost to the state.
- (2) The non-state entity executes an agreement to assume all maintenance and operation costs for the project and all future alterations to the project without cost to the state.

Proposed law requires the non-state entity to execute the statement of sponsorship prior to requesting a reduction in the local match requirement from the commissioner.

Proposed law is applicable to the funding of all non-state entity projects included in the capital outlay budget for fiscal years commencing on and after July 1, 2017.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 39:112(E)(2); Adds R.S. 39:112(E)(3))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Change the local match requirement for non-state projects from not less than 25% of the total requested amount of funding to not less than 25% of the total project costs.
2. Change the amount the commissioner of administration may reduce the local match requirement from not less than 10% of the total requested amount of the funding to not less than 10% of the total project costs.