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## DIGEST

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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 meet 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.