DIGEST

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HB 467 Original 2018 Regular Session Ivey

Abstract: Adds restrictions to the allocation of cash line of credit capacity for capital outlay projects and requires the Joint Legislative Committee on Capital Outlay (JLCCO) to approve 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 follows:

(1) Improvements on public or government-owned property for attracting or retaining a 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 a manufacturing plant or business to operate.

Proposed law changes the definition of "economic development project" as a project which meets *one* of the following:

(1) Improvements on public or government-owned property for attracting or retaining a new or existing manufacturing or business operation that benefits La. and generates new, permanent

employment or which helps retain existing employment.

(2) Facilities or infrastructure improvements on public or government-owned property necessary for a manufacturing plant or business to operate.

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 retains the amount of cash line of credit capacity for non-state projects but requires the commissioner to divide 10% of the portion of cash line of credit granted to non-state on a pro rata basis of population and number of homesteads in each parish in proportion to population and the number of homesteads throughout the state. The remaining 15% of the cash line of credit capacity granted to non-state projects in any fiscal year shall be prioritized for highway, bridge, or economic development projects as defined in proposed law.

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. Proposed law requires the establishment of 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.

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, 2018.

Effective July 1, 2018.

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