
DIGEST

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HB 122 Engrossed

2018 Regular Session

DeVillier

Abstract: Adds restrictions to the allocation of cash line of credit capacity for capital outlay projects and requires the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs 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 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 nonstate 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 term to "economic development *project*" and defines it as a recruitment or retention project sponsored by DED or a political subdivision or other public entity which has economic development as part of its stated mission or purpose, that 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 (GOB) funding of nonstate 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 nonstate projects but requires the commissioner of administration (commissioner) to divide 10% of the GOB allocation of cash line of credit granted to nonstate projects on a pro rata basis of population and number of homesteads in each parish in proportion to the population and number of homesteads throughout the state. The remaining 15% of the GOB cash line of credit capacity granted to nonstate projects shall be prioritized for highway, bridge, or economic development projects as defined in proposed law. Further defines "economic development project" for purposes of proposed law.

Proposed law requires that of the portion of GOB cash line of credit capacity each fiscal year granted to state projects, the commissioner shall direct no less than \$3M to each DOTD highway district to fund projects deemed to be either deferred maintenance projects or drainage projects within the geographic boundaries of each district. Further requires the commissioner shall designate no less than 50% of the remaining GOB line of credit capacity to be directed to highway and bridge projects.

Present law requires nonstate 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 nonstate 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 nonstate entity projects for which the nonstate entity has demonstrated its inability to provide a local match.

Present law requires the JLCCO to make recommendations to the commissioner concerning nonstate 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

House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs (hereinafter "committees") concerning state and nonstate entity projects to be recommended for lines of credit. Further requires the commissioner to submit the list of recommendations to the committees 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 committees to make final recommendations by either approving the list of recommendations or making changes to the list. Only projects which received approval from the committees can be submitted to the SBC for consideration of funding.

Applicable to the funding of all nonstate 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), (2)(intro. para.), and (2)(b) and (c), and 122(A))

Summary of Amendments Adopted by House

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

1. Expand the definition of "economic development project" for purposes of the capital outlay program in general to include projects by a political subdivision or other public entity which has economic development as part of its stated mission or purpose.
2. Define "economic development project" for purposes of the nonstate allocation of cash lines of credit to mean any project undertaken by a nonstate entity which is determined by the governing authority of the parish in which the project is located to benefit the parish and which generates new, permanent employment.
3. Change the committee to which the commissioner submits line of credit recommendations to and the committee required to make final line of credit recommendations from the JLCCO to the Ways and Means and the Revenue and Fiscal Affairs committees.