

2019 Regular Session

HOUSE BILL NO. 497

BY REPRESENTATIVE ABRAMSON

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

CAPITAL OUTLAY: Prohibits the disposal or sale of projects funded through the capital outlay budget under certain circumstances

1 AN ACT

2 To enact R.S. 39:125.1, relative to projects in the capital outlay budget; to prohibit the
3 disposal of projects which received capital outlay funding; to require certain
4 approval before a project is disposed of or sold; to provide for certain requirements
5 and limitations; to require certain penalties; to provide for applicability; to provide
6 for an effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 39:125.1 is hereby enacted to read as follows:

9 §125.1. Disposal of projects which received funding through the capital outlay
10 budget; prohibitions; requirements; penalties

11 A. The owner of a project that received funding through the sale of general
12 obligation bonds for acquiring lands, buildings, equipment, or other permanent
13 properties, or for the preservation or development of permanent improvement
14 through the capital outlay budget shall be prohibited from selling or otherwise
15 disposing of the project while repayment of the bonds, including debt service, by the
16 state is outstanding without prior approval of the commissioner of administration and
17 the approval, by a majority vote, of the House Ways and Means and Senate Revenue
18 and Fiscal Affairs Committees.

19 B. In cases where the owner of a project is approved by the commissioner
20 of administration and the House Ways and Means and Senate Revenue and Fiscal

1 Affairs Committees to sell or otherwise dispose of a project while the general
2 obligation bonds which funded the project are outstanding, the owner of the property
3 shall do all of the following:

4 (1) Repay the total amount of funding the project received through the
5 capital outlay budget, including interest that is due over the life of the bonds or until
6 the bonds are retired, whichever is later.

7 (2) Pay a penalty to the state, the minimum amount of which shall equal fifty
8 percent of the increase in value of the property realized as a result of the state's
9 expenditure of funds from the date bond proceeds were used to fund the construction
10 or improvements to the property.

11 Section 2. The provisions of this Act shall be applicable to the funding of all projects
12 included in the capital outlay budget for fiscal years commencing on and after July 1, 2019.

13 Section 3. This Act shall become effective on July 1, 2019.

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 497 Original

2019 Regular Session

Abramson

Abstract: Prohibits the owner of a project which received capital outlay funding through general obligation bond (GOB) proceeds from selling or disposing of the property while repayment of the bonds are outstanding.

Proposed law prohibits the owner of a project that received GOB funding through the capital outlay budget from selling or otherwise disposing of the project while repayment of the bonds, including debt service, is outstanding without the prior approval of the commissioner of administration and the House Ways and Means and Senate Revenue and Fiscal Affairs Committees, hereinafter "legislative committees". The legislative committees must approve the sale or disposal of the property by a majority vote.

Proposed law requires the project owner that receives approval to sell or otherwise dispose of a project while the bonds are outstanding, to do all of the following:

- (1) Repay the total amount of funding the project received through the capital outlay budget, including interest due over the life of the bonds or until the bonds are retired, whichever is later.
- (2) Pay a penalty to the state, the minimum amount of which shall equal 50% of the increase in value of the property realized as a result of the state's expenditure of funds from the date bond proceeds were used to fund the construction or improvements to the property.

Effective July 1, 2019 and applicable for all projects included in the capital outlay budget for fiscal years commencing on and after July 1, 2019.

(Amends R.S. 39:125.1)