LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 115** HLS 16RS 619
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 9, 2016 7:04 PM
Author: MORRIS, JAY
Dept./Agy.: Executive/DOA Office of Facility Planning & Control
Subject: Capital Outlay State & Nonstate Entity Projects
Analyst: Deborah Vivien

CAPITAL OUTLAY EG NO IMPACT GF EX See Note

Requires the Joint Legislative Committee on Capital Outlay to approve line of credit recommendations for nonstate entity projects

The present law requires the JLCCO to make recommendations to the commissioner of administration concerning nonstate entity projects to be granted lines of credit by the State Bond Commission (SBC). It further provides the Division of Administration (DOA) to submit a list of projects to be recommended for lines of credit to the JLCCO a minimum of 5 days prior to the submission to the SBC. The proposed legislation makes changes relative to nonstate projects local match requirements; and requires the JLCCO to make final recommendations and approve a list of state and nonstate projects provided by the DOA prior to submission to the SBC for consideration of lines of credit. The DOA shall provide the list of state and nonstate entity projects to the JLCCO no less than 30 days prior to the meeting date of the SBC. It further provides that the JLCCO has the discretion to either approve the list or make changes to the list. The proposed legislation changes the present law limitation of general obligation (GO) bond cash line of credit capacity from $200 M annually adjusted for construction inflation from 1994 to $250 M annually adjusted for construction inflation from 2017.

EXPENDITURES	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUES	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure since it changes the procedure by which state and nonstate entity projects are considered for lines of credit by the SBC. The lines of credit for nonstate entity projects are currently limited to no more than 25% of the cash line of credit for projects, therefore the same total amount will be appropriated for non-state entity projects. Enactment of the proposed legislation may impact how the total lines of credit for state and nonstate entity projects are allocated on a per project basis.

The bill reduces the annual cash line of credit limit from $350 M (FY 17 Capital Outlay budget) by re-basing the growth to $250 M growing annually by construction inflation, presumably beginning with $250 M in the FY 18 capital budget and growing by 2017 construction inflation as reported for the FY 19 capital budget and beyond. The amount represents the annual cumulative growth of cash lines of credit available net of bonds sold. Currently, the net state tax supported debt limit of 6% of taxes, licenses and fees is constraining which renders the cash line of credit limit ineffective. However, should revenue increase to the point that the NSTSD limit is no longer binding, the re-basing of cash lines of credit could delay elimination of a funding backlog by restricting the flexibility provided by lines of credit beyond that which is now in place. This bill slows the cash lines of credit being issued, presumably to more closely reflect the current NSTSD capacity, but the 2 are not linked by statute.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules House

☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}

☐ 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}

☐ 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}

☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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