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## DIGEST

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HB 7 Original

2020 Second Extraordinary Session

DeVillier

**Abstract:** Adds reporting requirements for capital outlay projects, requires projects funded through the issuance of debt to be included in the Capital Outlay Act, and eliminates the needs-based exemption from the local match requirement for nonstate entity projects.

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. 1<sup>st</sup> to be included in the Capital Outlay Act, hereinafter "the 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 requires the office of facility planning and control and any state agency which administers capital outlay appropriations to submit annual reports to the Joint Legislative Committee on Capital Outlay of each project included in the prior year's capital outlay budget. The report includes information such as the project title, the total project budget from all means of financing, including state and local funds, local match information, information on funds expended and encumbered on the project, and the project's status.

Proposed law retains present law but adds a requirement that the information required to be reported in present law shall also be reported on projects which may no longer be in the prior year's capital outlay budget because the project received funding through a cash means of finance or from advance bond sales. Further requires this information to continue to be reported until a certificate of completion has been issued by the agency administering the project.

Present law provides for specific criteria that a project must meet in order to be considered an "economic development project". Criteria include projects such as improvements on public or government-owned property for attracting or retaining a new or existing manufacturing or business

operation that benefits La. or facilities or improvements on public or government-owned property that generate new, permanent employment or which help retain existing employment.

Proposed law specifies that the improvements on public or government-owned property for attracting or retaining a new or existing manufacturing or business operation must benefit La. *and* generate new, permanent employment or help retain existing employment.

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. Requires the establishment of a needs-based formula for determining the inability of a nonstate 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 projects funded through the sale of bonds and secured by or payable from state appropriation to be included in the Act or if not included in the Act to be approved between sessions by the division of administration submitting those projects to the Interim Emergency Board for approval by a majority vote of the elected members of each house of the legislature. Further requires, following legislative approval, that requests to sell bonds be submitted to the State Bond Commission (SBC) for review and approval.

Proposed law retains present law regarding legislative approval and submission to the SBC for review and approval but changes the projects which are required to go through this approval process from projects funded through the sale of bonds to projects funded through the issuance of debt or other agreements including agreements of lease, lease-purchase, or third-party financing.

Present law requires the office of facility planning and control to send notice to all nonstate entities of the need to resubmit a capital outlay budget request for projects that do not receive a line of credit prior to Sept. 15th for the total amount of bond proceeds authorized in the Act for that fiscal year. Further requires the notice to also be sent to each state representative and state senator who represents the geographic area of the project.

Proposed law retains present law but specifies that the notice is to be sent if the project has not received *or been recommended* for a line of credit prior to Sept. 15th of each year.

Present law establishes various requirements for content to be included in the Act.

Proposed law retains present law and adds a requirement that the Act include a statement concerning the total outstanding net state tax-supported debt, including the specific amount of principle and interest, as defined in present law. Further, the Act shall contain an estimate of debt service costs associated with the amount of new GOB cash line of credit capacity for that fiscal year, as provided in proposed law.

Present law provides a procedure for the development of a list of recommended projects to be presented to the SBC for consideration for a GOB cash line of credit.

Proposed law retains present law and requires that for each project presented to the SBC for this purpose there be included an estimate of debt service costs associated with the sale of debt for the total project cost.

Applicable to the funding of all nonstate entity projects included in the capital outlay budget for fiscal years commencing on and after July 1, 2021.

Effective July 1, 2021.

(Amends R.S. 39:105(A), 112(A), (B), (C)(1)(intro. para.) and (2)(b), (D), (E)(2)(intro. para.), and (G)(1) and (2), and 115(A) and (B); Adds R.S. 39:112(H); Repeals R.S. 39:112(E)(2)(b))