

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 277** HLS 21RS 190

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 12, 2021	2:33 PM	Author: BISHOP, S.
Dept./Agy.: Executive / DOA Office of Facility Planning & Control		Analyst: Willie Marie Scott
Subject: Capital Outlay		

CAPITAL OUTLAY

OR GF EX See Note

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Restricts the allocation of cash line of credit capacity for certain projects and provides for the recommendation of projects for lines of credit

Effective 7/1/2021, nongovernmental entity projects shall be ineligible for capital outlay funding. Any project which commences before 7/1/2021 may continue to participate in the program until the project or current phase of the project is complete. Reduces the present law limitation of general obligation (GO) bond cash line of credit capacity from \$200 M annually adjusted for construction inflation from \$450 M in 1994 to \$300 M in FY 22, \$275 M in FY 23, \$250 M in FY 24, and \$225 M in FY 25 and beyond; prohibits nongovernmental entities and regional economic development initiatives from being eligible for capital outlay funding; prohibits nongovernmental entity projects from being eligible for capital outlay funding beginning 7/1/2021 and allow those projects commenced prior to the date to continue until the project or current phase of the project is complete; increases nonstate entity projects from 25% to 50% and requires 50% match for colleges and universities managed by a board of supervisors; and requires the reporting of the Net State Tax Supported Debt and the estimate of GO debt service for the new cash line of credit capacity. It requires the Commissioner of Administration (COA) to divide 40% of the cash line of credit capacity granted to nonstate projects among the parishes on a pro-rata basis of population and number of homesteads throughout the state; and designate the remaining 60% of nonstate projects for highway and bridge **(Continued on Page 2)**

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of changes in the procedure by which state and nonstate entity projects are considered for lines of credit by the State Bond Commission (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 nonstate 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. It also requires a 50% match on projects for colleges and universities; and prohibits nongovernmental entities from being eligible for capital outlay funding unless a project commenced prior to the date to continue until the project or current phase of the projects is complete.

Proposed law reduces the annual cash line of credit to \$300 M in FY 22, \$275 M in FY 23, \$250 M in FY 24, and \$225 M in FY 25 and beyond, resulting in an indeterminable reduction in the number of projects, capital outlay spending, and annual debt service costs in fiscal years beyond FY 26 and the scope of this fiscal note. According to the DOA Office of Facility Planning & Control (OFPC), capital outlay project expenditures as well as its expenditures to administer capital outlay projects are generally funded with GO bonds. **Note:** The current cash line of credit limit is \$881.4 M in FY 21.

REVENUE EXPLANATION

It is not anticipated that this bill will immediately result in a loss of revenue. OFPC currently charges up to 6% on projects funded with GO bonds. To the extent the reductions in the cash lines of credit required by this bill result in reductions in GO bonding, OFPC may increase the administrative fee charged on each project to prevent a reduction in revenue. An increase in the administrative fee would increase the revenue for OFPC and decrease the amount of revenue available for capital outlay projects. Alternatively, if the capital outlay program's size and scope are reduced, the OFPC may realize cost savings negating or partially offsetting the need to increase the administrative fee. In addition to projects funded with GO Bonds, the OFPC also administers projects by other means of finance.

Senate

Dual Referral Rules

House

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

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

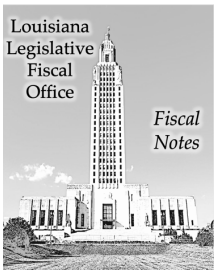
13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

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

Alan M. Boxberger

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Staff Director

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projects, flood control and prevention projects, or economic development projects. Of the cash line of credit granted to state projects, no less than \$2,100 per state highway mile within each highway district shall fund projects deemed the highest priority by the district engineer within the geographic boundaries of each highway district. No less than 50% of the remaining balance shall be designated for highway and bridge projects. The proposed law provides for a revised process for the approval process of a cash line of credit before the commencement of work.

Senate

Dual Referral Rules

- 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
- 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House

- 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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