

2021 Regular Session

HOUSE BILL NO. 277

BY REPRESENTATIVE BISHOP

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

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

1 AN ACT

2 To amend and reenact R.S. 39:112(E)(1) and (2)(introductory paragraph) and (F) and 122,

3 relative to capital outlay; to provide for certain requirements for nonstate projects;

4 to provide for changes to the amount and allocation of cash line of credit capacity

5 each fiscal year; to provide for certain definitions; to provide for the amount of local

6 match required for certain projects; to provide for the projects for which a local

7 match is required; to provide relative to line of credit recommendations for projects;

8 to require the approval of certain line of credit recommendations; to provide for

9 applicability; to provide for an effective date; and to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 39:112(E)(1) and (2)(introductory paragraph) and (F) and 122 are
12 hereby amended and reenacted to read as follows:

13 §112. Capital outlay act

14 * * *

15 E.(1)(a) General obligation bond funding of ~~non-state~~ nonstate projects shall

16 be limited to no more than twenty-five percent of the cash line of credit capacity for

17 projects in any fiscal year. ~~Non-state~~ Nonstate projects are those projects not owned

18 and operated by the state except those projects determined by the commissioner of

19 administration to be a ~~regional economic development initiative~~ or regional health

20 care facility operated in cooperation with the state. Beginning July 1, 2021,

1 nongovernmental entity projects shall be ineligible for capital outlay funding;
2 however, any nongovernmental entity project which commenced prior to July 1,
3 2021, may continue to participate in the capital outlay program until the project or
4 current phase of the project is complete. The allocation of general obligation bond
5 cash lines of credit for nonstate projects shall comply with the provisions of
6 Subparagraph (b) of this Paragraph, and the allocation of general obligation bond
7 cash lines of credit for state projects shall comply with the provisions of
8 Subparagraph (c) of this Paragraph.

9 (b) Of the allocation of the general obligation bond cash lines of credit
10 granted in any fiscal year for nonstate projects, the commissioner shall divide forty
11 percent of the allocation among the parishes on a pro rata basis of population and
12 number of homesteads in each parish in proportion to the population and number of
13 homesteads throughout the state. The remaining sixty percent of the general
14 obligation bond cash lines of credit granted in any fiscal year to nonstate projects
15 shall be prioritized to highway or bridge projects, flood control and flood prevention
16 projects, or economic development projects. For purposes of this Subparagraph, the
17 term "economic development project" shall mean any project undertaken by a
18 nonstate entity which is determined by the governing authority of the parish in which
19 the project is located to benefit the parish and which generates new, permanent
20 employment.

21 (c) Of the allocation of general obligation bond cash lines of credit granted
22 in any fiscal year for state projects, the commissioner shall direct no less than two
23 thousand one hundred dollars of cash line of credit capacity for each state highway
24 mile located within each highway district to the Department of Transportation and
25 Development to fund projects which are deemed the highest priority by the district
26 engineer within the geographic boundaries of each highway district. The allocation
27 to highway districts may be used to fund costs for the lease or rental of movable
28 equipment necessary for construction of deferred maintenance or drainage projects.
29 Of the remaining general obligation bond cash lines of credit granted in any fiscal

1 year to state projects, no less than fifty percent shall be directed by the commissioner
2 to fund highway and bridge projects.

3 (2) ~~Non-state~~ Nonstate entity projects and projects for colleges and
4 universities managed by a board of supervisors shall require a match of not less than
5 ~~twenty-five~~ fifty percent of the total requested amount of funding except:

6 * * *

7 F.(1) The annual amount of new general obligation bond cash line of credit
8 capacity shall ~~be limited to two hundred million dollars annually adjusted for~~
9 ~~construction inflation from 1994.~~ not exceed:

10 (a) For Fiscal Year 2022, three hundred million dollars.

11 (b) For Fiscal Year 2023, two hundred seventy-five million dollars.

12 (c) For Fiscal Year 2024, two hundred fifty million dollars.

13 (d) For Fiscal Year 2025, and each fiscal year thereafter, two hundred
14 twenty-five million dollars.

15 (2) This limit shall only be raised by a favorable vote of two-thirds of the
16 elected members of each house of the legislature, which may be accomplished by
17 mail ballot.

18 * * *

19 §122. Commencement of work; delays in construction; public statement; allocated
20 funds

21 A.(1) No work shall commence and no contract shall be entered into for any
22 project contained in the ~~capital outlay act~~ Capital Outlay Act unless and until funds
23 are available from the cash sources indicated in the ~~act~~ Act or from the sale of bonds
24 or from a line of credit approved by the State Bond Commission, except contracts
25 for Department of Transportation and Development projects which are subject to the
26 provisions of R.S. 48:251(D).

27 (2) State-owned projects planned for the fiscal year in which an
28 appropriation has been funded shall be commenced in that fiscal year, and the
29 administering agencies shall diligently commence work on those projects in

1 accordance with the provisions of the annual capital outlay ~~act~~ Act; Titles 38, 39, and
2 48 of the Louisiana Revised Statutes of 1950; and any other applicable statutory
3 provision. If a project cannot be commenced within the fiscal year for which it is
4 planned, the administering agency shall file with the project records a public
5 statement as to the factors causing the delay. The administering agency shall send
6 a copy of the public statement regarding the cause of the delay and notice when the
7 delaying factors have been overcome, no later than the first day of February each
8 year, to the Joint Legislative Committee on Capital Outlay and to each senator and
9 representative in whose district the project is located. When the cause of the delay
10 has been cured, the administering agency shall commence the work immediately and
11 expeditiously.

12 (3) The ~~Joint Legislative Committee on Capital Outlay~~ commissioner of
13 administration shall make recommendations to the ~~commissioner of administration~~
14 House Committee on Ways and Means and the Senate Committee on Revenue and
15 Fiscal Affairs concerning the ~~non-state~~ state and nonstate entity projects to be
16 granted lines of credit. The commissioner of administration shall submit to the ~~Joint~~
17 ~~Legislative Committee on Capital Outlay~~ House Committee on Ways and Means and
18 the Senate Committee on Revenue and Fiscal Affairs a list of state and nonstate
19 projects that ~~will be submitted to the State Bond Commission~~ the division of
20 administration recommends for lines of credit ~~a minimum of five days prior to the~~
21 ~~submission to the State Bond Commission~~ no less than fifteen days prior to the
22 meeting of the State Bond Commission at which the lines of credit are to be
23 considered. The House Committee on Ways and Means and the Senate Committee
24 on Revenue and Fiscal Affairs shall receive the list of recommendations from the
25 division of administration and may either approve the list or make changes to the list.
26 The committees shall make final recommendations and shall separately approve a
27 list of projects which shall be submitted to the State Bond Commission for
28 consideration of lines of credit. Only projects which received approval from both the
29 House Committee on Ways and Means and the Senate Committee on Revenue and

1 Fiscal Affairs shall be submitted to the State Bond Commission for consideration of
2 lines of credit. For each project presented to the State Bond Commission for
3 approval of a general obligation bond cash line of credit there shall be included an
4 estimate of debt service costs associated with the sale of debt for the total project
5 cost.

6 B.(1) Ports, levee districts, and other ~~non-state~~ nonstate entities shall wait
7 until there is a fully executed cooperative endeavor agreement and final approval has
8 been given by the facility planning and control section of the division of
9 administration, the Department of Transportation and Development, or the state
10 treasurer, whichever is applicable, before entering into contracts obligating state
11 funds.

12 (2) If a port, levee district, or other ~~non-state~~ nonstate entity, enters into a
13 contract, executes a purchase order or otherwise attempts to obligate any funds to be
14 reimbursed by the state without first fully complying with the provisions of this
15 Section, any obligation resulting therefrom shall remain the sole responsibility of the
16 port, levee district, or ~~non-state~~ nonstate entity, and the contract or purchase order
17 or other obligation shall not be eligible for reimbursement or payment by the state.

18 Section 2. The provisions of this Act shall be applicable to the funding of all projects
19 included in the capital outlay budget for fiscal years commencing on or after July 1, 2021.

20 Section 3. This Act shall become effective on July 1, 2021.

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 277 Engrossed

2021 Regular Session

Bishop

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 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. Further defines nonstate projects as projects not owned and operated by the state except those projects determined by the commissioner of administration (commissioner) to be a regional economic development initiative or regional healthcare facility operated in cooperation with the state.

Proposed law eliminates projects determined by the commissioner as regional economic development projects from being eligible to be classified as nonstate projects.

Proposed law retains the amount of cash line of credit capacity for nonstate projects but requires the commissioner to divide 40% 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 60% of the GOB cash line of credit capacity granted to nonstate projects shall be prioritized for highway, bridge, flood control and flood prevention projects, 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 for each fiscal year granted to state projects, the commissioner shall direct no less than \$2,100 for each state highway mile located within each highway district to the Dept. of Transportation and Development to fund projects which are deemed the highest priority by the district engineer within the geographic boundaries of each highway district.

Proposed law authorizes the allocation to highway districts to be used to fund costs for the lease or rental of movable equipment necessary for construction of deferred maintenance or drainage projects. Further requires the commissioner to designate no less than 50% of the remaining GOB cash line of credit capacity to be directed to highway and bridge projects.

Proposed law prohibits, beginning July 1, 2021, nongovernmental entity projects from being eligible for capital outlay funding; however, any project which commenced prior to July 1, 2021, may continue to participate in the capital outlay program until the project or current phase of the project is complete.

Present law requires nonstate entity projects to provide a match of not less than 25% of the total requested amount of funding. Present law authorizes limited exceptions to the local match requirement.

Proposed law increases the local match requirement from 25% of the total requested amount of funding to 50% of the total requested amount of funding and expands the entities required to provide local match to include projects for colleges and universities managed by a board of supervisors.

Present law requires the Joint Legislative Committee on Capital Outlay (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 (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 15 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.

Present law limits the annual amount of GOB cash line of credit capacity which may be authorized by the SBC to \$200 million per year, adjusted for construction inflation from 1994. The amount may be raised by a favorable vote of 2/3 of the elected members of each house of the legislature.

Proposed law changes present law by establishing the following specific amounts which may be authorized each year:

- (1) For Fiscal Year 2022, \$300 million.
- (2) For Fiscal Year 2023, \$275 million.
- (3) For Fiscal Year 2024, \$250 million.
- (4) For Fiscal Year 2025, and each fiscal year thereafter, \$225 million.

Proposed law retains authority for a change in the limit by a favorable vote of 2/3rds of the elected members of each house of the legislature and adds authority for that approval to be accomplished by mail ballot.

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

Effective July 1, 2021.

(Amends R.S. 39:112(E)(1) and (2)(intro. para.) and (F) and 122)