

## RÉSUMÉ DIGEST

ACT 82 (HB 336)

2023 Regular Session

Bishop

Existing law requires the office of facility planning and control and any state agency which administers capital outlay appropriations to submit an annual report to the Joint Legislative Committee on Capital Outlay (JLCCO) of each project included in the prior year's capital outlay budget. The report is required to include 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.

New law adds a requirement that the information required to be reported in existing law shall also be reported for each project which received funding through a cash means of finance or from advance bond sales regardless of whether the project was included in the prior year's capital outlay budget. Further requires this information to continue to be reported until a certificate of completion has been issued by the entity administering the project.

Existing 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 of administration and approved by JLCCO.
- (2) Projects for a water or sewer system servicing 1,250 or fewer connections.
- (3) Projects undertaken by a governmental entity to provide natural gas utility services for a system that services 1,250 or fewer connections.

Prior law authorized a local match exemption for a nonstate entity that demonstrated its inability to provide a local match. Prior law required the establishment of a needs-based formula for determining the inability of a nonstate entity to provide the required local match.

New law repeals prior law.

New law requires a nonstate entity, when applying for capital outlay funding for construction of a new project, to provide documentation evidencing its ability to provide no less than 3% of the total requested amount of funding to be used exclusively for costs associated with the long-term maintenance of the project. Failure to provide this documentation shall result in the project being deemed not feasible by the office of facility planning and control and the project not being included in the Capital Outlay Act.

Existing law establishes a process for projects not included in the Capital Outlay 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.

Prior law required projects funded through the *sale of bonds* and secured by or payable from state appropriation to be included in the Capital Outlay Act or to go through the process established in existing law for projects not included in the Capital Outlay Act.

New law 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.

Existing 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 Capital Outlay 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.

New law adds a requirement that the notice be sent if the nonstate entity project has not been *recommended* for a line of credit prior to Sept. 15th of each year.

Existing law establishes various requirements for content to be included in the Capital Outlay Act.

New law adds a requirement that the Capital Outlay Act include a statement concerning the total outstanding net state tax supported debt, including the specific amount of principle and interest, as defined in existing law. Further, requires the Capital Outlay Act to contain an estimate of debt service costs associated with the amount of new general obligation (GO) bond cash line of credit capacity for that fiscal year, as provided in new law.

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

New law adds a requirement 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.

Existing law provides for the Capital Outlay Savings Fund as a special fund in the state treasury and restricts use of the monies in the fund to capital outlay projects and to allocate or appropriate funds into the Budget Stabilization Fund. Further provides that if a project included in the capital outlay budget that has an appropriation from certain revenue is deemed null or is vetoed, the state treasurer is directed to deposit into the fund an amount equal to the amount of the appropriation deemed null or vetoed.

Prior law provided that a state general fund direct nonrecurring revenue appropriation for a project deemed null or vetoed is deposited into the fund.

New law provides that a state general fund direct appropriation for a project, regardless of whether it is recurring or non-recurring revenue, deemed null or vetoed is deposited into the fund.

New law authorizes any entity administering a capital outlay project to require all parties performing any portion of planning and designing or personnel contracted with for the construction of a capital outlay project to submit invoices for the payment of services rendered or performed within 180 days of the date the services were rendered or performed. Failure of a party to timely submit an invoice for services rendered or performed shall result in the party's claim for reimbursement or payment from the state being denied.

New law prohibits the owner of a project that received GO bond 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.

New law requires the property owner to obtain an opinion from state bond counsel, at the owner's cost, that the sale would not have affected the tax exempt status of the bonds. Further requires the property owner to meet any conditions or requirements prior to selling or disposing of the project.

New law requires the commissioner of administration to notify the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs in writing, within 10 days of his approval of a property owner to dispose of a project that received funding through the sale of GO bonds.

New law applies to the funding of all nonstate entity projects included in the capital outlay budget for fiscal years commencing on or after July 1, 2024.

Effective July 1, 2024.

(Amends R.S. 39:100.121(A)(1) and (2)(b), 105(A), 112(C)(1)(intro. para.) and (c), (E)(1) and (2)(intro. para.), and (G)(1), and 115(A) and (B); Adds R.S. 39:112(E)(4) and (H), 121.1, and 125.1; Repeals R.S. 39:112(E)(2)(b))