
The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Martha S. Hess.

DIGEST

Riser (SB 321)

Present law provides an exemption from the capital outlay bill for projects for minor repairs, renovation, or construction of buildings or other facilities or the purchase of land, buildings, or other facilities when the construction cost or purchase price is less than or equal to \$500,000 and the project is undertaken by or on the campus of a state college, university, or higher education facility. Such project is subject to the approval of the Board of Regents and the appropriate management board or their successor.

Proposed law retains present law except it increases the dollar amount of projects exempt from the capital outlay bill from \$500,000 to \$1,000,000, adjusted annually in accordance with the U.S. Bureau of Labor Statistic's consumer price index for all urban consumers as published in January of each year.

Proposed law provides that any short term loan authorized by proposed law shall be issued in accordance with the provisions of present law contained in Title 17 of the La. Revised Statutes of 1950, governing education, and shall not constitute or create any debt, liability, or loan of the credit of or a pledge of the full faith and credit of the state but shall be solely the obligation of the appropriate postsecondary education management board or its successor.

Present law provides that a state college, university, or higher education facility may not incur debt to fund any project that is not included in the capital outlay budget.

Proposed law provides that a state college, university, or higher education facility may not incur debt to fund any project that is not included in the capital outlay budget other than a short term loan not to exceed one year and payable from fees and self-generated revenues, as provided in proposed law.

Present law limits the issuance of net state tax supported debt and prohibits the issuance of such debt if the amount of the debt service exceeds 6% of the estimate of money to be received by the state general fund and dedicated funds for each respective fiscal year as contained in the official forecast adopted by the Revenue Estimating Conference at its first meeting after the beginning of each fiscal year.

Present law defines "net state tax supported debt" to mean all of the following debt obligations issued by the state or any entity in the state for which the state is legally obligated to make debt service payments, either directly or indirectly: (i) general obligation bonds secured by the full faith and credit of the state; (ii) debt secured by capital leases of immovable property payable by the state or annual appropriations of the state; (iii) debt secured by statewide tax revenues or statewide special assessments; (iv) any funds advanced by a political subdivision in accordance

with R.S. 47:820.2 (TIMED fund); and (v) bonds secured by self-supported revenues which in the first instance may not be sufficient to pay debt service and will then draw on the full faith and credit of the state.

Present law provides that "net state tax supported debt" shall not mean: (i) any obligations owed by the state pursuant to the State Employment Security Law; (ii) cash flow borrowings payable from revenue attributable to one fiscal year; (iii) any bond or note, including refunding bonds or notes, issued by the state pursuant to Act 41 of the 2006 1st E.S. (which authorized the issuance of state debt to assist certain political subdivisions following hurricanes Katrina and Rita); (iv) any bond or other evidence of indebtedness issued pursuant to R.S. 23:1532.1 pertaining to bonds secured by a special assessment on employers to finance the outstanding principal amount advanced to the state from the federal account of the Unemployment Trust Fund; (v) bonds, notes, or other evidences of indebtedness, including refunding bonds or notes, issued for the purpose of financing the projects set forth in R.S. 17:3394.3(C) (which authorized bonds to finance capital improvements for the Louisiana Community and Technical Colleges System).

Proposed law provides that the definition of "net state tax supported debt" for purposes of the state's debt limit does not include short term notes not to exceed one year issued by a postsecondary education management board for the purpose of financing projects as authorized by proposed law.

Effective August 1, 2014.

(Amends R.S. 39:128(B)(1) and (4)(b) and adds R.S. 39:1367(E)(2)(b)(vi))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Provides the dollar amount of projects exempt from inclusion in the capital outlay budget is to be annually adjusted in accordance with the consumer price index (all urban consumers).
2. Provides short term loans issued for exempt capital outlay projects shall be issued in accordance with present law contained in Title 17 of the La. Revised Statutes regarding education, and shall not constitute a debt of the state nor a pledge of the full faith and credit of the state.
3. Specifies that these short term loans shall be solely the obligation of the appropriate postsecondary education management board or its successor.
4. Deletes reference to professional service contracts.

5. Provides that short term loans authorized under proposed law shall not constitute net state tax supported debt of the state.