

Prior law provided 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.

New law retains prior 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.

New law provides that any short term loan authorized by new law shall be issued in accordance with the provisions of prior 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.

Prior law provided 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.

New 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 new law.

Prior law limited 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.

Prior law defined "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.

Prior law provided 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).

New 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 new 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))