

2016 Regular Session

SENATE BILL NO. 146

BY SENATOR GATTI

CAPITAL OUTLAY. Provides for institutions of higher education to first use capital outlay funding for deferred maintenance projects. (8/1/16)

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AN ACT

To amend and reenact R.S. 39:122(A) and to enact R.S. 39:104(D), relative to capital outlay projects to be undertaken by or on the campus of a state college, university, or higher education facility; to prohibit the construction or purchase of buildings or other facilities until all deferred maintenance projects are undertaken and completed by each public postsecondary educational institution; to provide for exceptions; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 39:122(A) is hereby amended and reenacted and R.S. 39:104(D) is hereby enacted to read as follows:

§104. Capital outlay budget preparation

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D.(1) Notwithstanding any other provision of law to the contrary, including but not limited to R.S. 17:3139.5(B)(2)(f), no public postsecondary educational institution shall undertake a project for the construction, purchase, acquisition, development, renovation, relocation, equipping or improving public works, land, buildings, capital improvements, or other facilities until all projects

1 for the repair, renovation or maintenance of buildings or other facilities,
 2 otherwise known as deferred maintenance as contained in the deferred
 3 maintenance formula adopted by the Board of Regents, by or on the campus or
 4 other facility of a public postsecondary educational institution have been
 5 undertaken and completed unless the project is necessary for the institution to
 6 maintain its accreditation. The provisions of this Subsection shall not prohibit
 7 the construction, purchase, acquisition, development, renovation, relocation,
 8 equipping or improving of any project funded totally by funds donated to either
 9 the public postsecondary educational institution or to a nonprofit organization
 10 affiliated with the public postsecondary educational institution nor the
 11 continuation of any project commenced prior to August 1, 2016.

12 (2) Before completion of construction, purchase, acquisition,
 13 development, renovation, relocation, equipping or improving of any project
 14 funded totally by funds donated to the public postsecondary educational
 15 institution subject to the provisions of Paragraph (1) of this Subsection, an
 16 amount of no less than ten percent of the total project cost shall be deposited
 17 and held in a special account to be used solely for the deferred maintenance of
 18 the project. Failure to follow the provisions of this Paragraph shall result in a
 19 three-year waiver of all capital outlay funds for the public postsecondary
 20 educational institution, except for emergency projects.

21 * * *

22 §122. Commencement of work

23 A.(1) No work shall commence and no contract shall be entered into for any
 24 project contained in the capital outlay act unless and until funds are available from
 25 the cash sources indicated in the act or from the sale of bonds or from a line of credit
 26 approved by the State Bond Commission, except contracts for Department of
 27 Transportation and Development projects which are subject to the provisions of R.S.
 28 48:251(D).

29 (2) The Joint Legislative Committee on Capital Outlay shall make

1 recommendations to the commissioner of administration concerning the non-state
 2 entity projects to be granted lines of credit. The commissioner of administration shall
 3 submit to the Joint Legislative Committee on Capital Outlay a list of projects that
 4 will be submitted to the State Bond Commission for lines of credit a minimum of
 5 five days prior to the submission to the State Bond Commission.

6 **(3) The commissioner of administration shall not include on the list of**
 7 **projects to be submitted to the Joint Legislative Committee on Capital Outlay**
 8 **and the State Bond Commission for a line of credit any project of a public**
 9 **postsecondary educational institution for the construction, purchase,**
 10 **acquisition, development, renovation, relocation, equipping, or improving of**
 11 **public works, land, buildings, capital improvements, or other facilities until all**
 12 **projects for the repair, renovation or maintenance of buildings or other**
 13 **facilities, otherwise known as deferred maintenance, by or on the campus or**
 14 **other facility of the public postsecondary educational institution have been**
 15 **undertaken and completed as certified by the appropriate managing board to**
 16 **the commissioner of administration. The provisions of this Paragraph shall not**
 17 **apply to any project commenced prior to August 1, 2016, or any line of credit**
 18 **approved prior to August 1, 2016.**

19 * * *

The original instrument was prepared by Martha Hess. The following digest,
 which does not constitute a part of the legislative instrument, was prepared
 by James Benton.

SB 146 Engrossed

DIGEST
 2016 Regular Session

Gatti

Proposed law provides that notwithstanding any other provision of law to the contrary, including but not limited to R.S. 17:3139.5(B)(2)(f), no public postsecondary educational institution shall undertake a project for the construction, purchase, acquisition, development, renovation, relocation, equipping or improving public works, land, buildings, capital improvements, or other facilities until all projects for the repair, renovation or maintenance of buildings or other facilities, otherwise known as deferred maintenance as contained in the deferred maintenance formula adopted by the Board of Regents, by or on the campus or other facility of a public postsecondary educational institution have been undertaken and completed unless the project is necessary for the institution to maintain its accreditation. Proposed law shall not prohibit any project funded totally by funds donated to either the public post secondary educational institution or to a nonprofit organization affiliated with the public postsecondary educational institution nor the continuation of any project

commenced prior to August 1, 2016.

Proposed law provides that before completion of construction, purchase, acquisition, development, renovation, relocation, equipping or improving of any project funded totally by funds donated to the public postsecondary educational institution subject to the provisions of proposed law, an amount of no less than ten percent of the total project cost shall be deposited and held in a special account to be used solely for the deferred maintenance of the project. Failure to follow the provisions of proposed law shall result in a three-year waiver of all capital outlay funds for the public postsecondary educational institution, except for emergency projects.

Present law authorizes the Joint Legislative Committee on Capital Outlay to make recommendations to the commissioner of administration concerning the nonstate entity projects to be granted lines of credit at the State Bond Commission. The commissioner of administration is required to submit to the Joint Legislative Committee on Capital Outlay a list of projects that will be submitted to the State Bond Commission for lines of credit a minimum of five days prior to the submission to the State Bond Commission.

Proposed law retains present law but provides that the commissioner of administration shall not include on the list of projects to be submitted to the Joint Legislative Committee on Capital Outlay and to the State Bond Commission for a line of credit, any project of a public postsecondary educational institution for the construction, purchase, acquisition, development, renovation, relocation, equipping, or improving of public works, land, buildings, capital improvements, or other facilities until all projects for the repair, renovation or maintenance of buildings or other facilities, otherwise known as deferred maintenance, by or on the campus or other facility of the public postsecondary educational institution have been undertaken and completed as certified by the appropriate managing board to the commissioner of administration. The provisions of proposed law shall not apply to any project commenced prior to August 1, 2016 or any line of credit approved prior to August 1, 2016.

Effective August 1, 2016.

(Amends R.S. 39:122(A); adds R.S. 39:104(D))

Summary of Amendments Adopted by Senate

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

1. Provides reference as to what is considered deferred maintenance.
2. Provides an exception for improvements that are necessary for a post secondary institution to maintain its accreditation.
3. Provides for a special fund to cover the cost of deferred maintenance for projects that are funded by donations.
4. Exempts certain projects commenced and lines of credit issued prior to August 1, 2016, from the list of projects that shall not be submitted to the Joint Legislative Committee on Capital Outlay and to the State Bond Commission.