

2016 Regular Session

HOUSE BILL NO. 235

BY REPRESENTATIVES TALBOT AND GAROFALO

CAPITAL OUTLAY: Requires the Joint Legislative Committee on Capital Outlay to approve line of credit recommendations for state and nonstate entity projects

1 AN ACT

2 To amend and reenact R.S. 39:112(E)(1) and (2) and (F) and 122(A) and to enact R.S.
3 39:112(H), relative to capital outlay; to provide relative to the capital outlay process;
4 to provide for line of credit recommendations for certain capital outlay projects; to
5 require the approval of certain line of credit recommendations; to require waivers of
6 the local match requirement to be approved by the Joint Legislative Committee on
7 Capital Outlay; to require certain approvals of requests to change priorities; to
8 provide for certain notifications; to provide for certain limitations; to provide for an
9 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) and (F) and 122(A) are hereby amended and
12 reenacted and R.S. 39:112(H) is hereby enacted to read as follows:

13 §112. Capital outlay act

14 * * *

15 E.(1) General obligation bond funding of non-state projects shall be limited
16 to no more than twenty-five percent of the cash line of credit capacity for projects
17 in any fiscal year. Non-state projects are those projects not owned and operated by
18 the state except those projects determined by the commissioner of administration to
19 be a regional economic development initiative or regional health care facility
20 operated in cooperation with the state. However, the designation of a non-state

1 project by the commissioner of administration as a regional economic development
2 initiative or regional health care facility operated by the state shall be approved by
3 the Joint Legislative Committee on Capital Outlay prior to the match requirement
4 provided for in this Section being waived or prior to the project being considered a
5 state project for purposes of the twenty-five percent funding limitation for non-state
6 projects.

7 (2)(a) Non-state entity projects shall require a match of not less than twenty-
8 five percent of the total requested amount of funding except:

9 (a)(i) A project deemed by the commissioner of administration to be an
10 emergency project.

11 (b)(ii) A project of a non-state entity which has demonstrated its inability to
12 provide a local match. The division of administration shall promulgate rules
13 establishing a needs-based formula for determining the inability of a non-state entity
14 to provide the required local match. However, ~~such~~ the rules shall be approved by
15 the House Committee on Appropriations, the House Committee on Ways and Means,
16 the Senate Committee on Finance, and the Senate Committee on Revenue and Fiscal
17 Affairs before they are promulgated.

18 (c)(iii) A project for a rural water system servicing less than one thousand
19 customers to extend or connect waterlines to other water systems.

20 (b) Beginning July 1, 2016, all requests for the waiver of the local match
21 requirement pursuant to the provisions of this Paragraph shall be approved by the
22 Joint Legislative Committee on Capital Outlay prior to the waiver becoming
23 effective. A waiver that is not approved by the Joint Legislative Committee on
24 Capital Outlay shall be inapplicable, inoperable, and of no effect.

25 F. The general obligation bond cash line of credit capacity shall be limited
26 to two hundred fifty million dollars annually adjusted for construction inflation from
27 ~~1994~~ 2017. This limit shall only be raised by a favorable vote of two-thirds of the
28 elected members of each house of the legislature.

29 * * *

1 H. Prior to the submission to or approval by the Interim Emergency Board
2 or the State Bond Commission of any request to change the priority designation of
3 a capital outlay appropriation for any state or non-state entity as set forth in the
4 comprehensive capital outlay budget, the request shall first be submitted to and
5 approved by the Joint Legislative Committee on Capital Outlay. The Joint
6 Legislative Committee on Capital Outlay shall conduct a hearing on requests to
7 change a priority designation of a capital outlay appropriation within thirty calendar
8 days of receiving the request and shall notify the Interim Emergency Board and the
9 State Bond Commission in writing within five calendar days of such hearing of any
10 priority change approved by the committee. No request for a priority change shall
11 be submitted to the Interim Emergency Board unless the priority change has first
12 been submitted to and approved by the Joint Legislative Committee on Capital
13 Outlay.

* * *

15 §122. Commencement of work

16 A. No work shall commence and no contract shall be entered into for any
17 project contained in the capital outlay act unless and until funds are available from
18 the cash sources indicated in the act or from the sale of bonds or from a line of credit
19 approved by the State Bond Commission, except contracts for Department of
20 Transportation and Development projects which are subject to the provisions of R.S.
21 48:251(D). ~~The Joint Legislative Committee on Capital Outlay~~ commissioner of
22 administration shall make recommendations to the ~~commissioner of administration~~
23 Joint Legislative Committee on Capital Outlay concerning the ~~non-state~~ state and
24 nonstate entity projects to be granted lines of credit. The commissioner of
25 administration shall submit to the Joint Legislative Committee on Capital Outlay a
26 list of state and nonstate entity projects ~~that will be submitted to the State Bond~~
27 ~~Commission~~ the division of administration recommends for lines of credit a
28 ~~minimum of five days prior to the submission to the State Bond Commission~~ no less
29 than thirty days prior to the meeting date of the State Bond Commission in which the

1 lines of credit are to be considered. The Joint Legislative Committee on Capital
 2 Outlay shall receive the list of recommendations from the division of administration
 3 and shall have discretion to either approve the list or make changes to the list. The
 4 committee shall make final recommendations and shall approve a list of projects
 5 which shall be submitted to the State Bond Commission for consideration of lines
 6 of credit. Only projects which received approval from the Joint Legislative
 7 Committee on Capital Outlay shall be submitted to the State Bond Commission for
 8 consideration of lines of credit.

9 * * *

10 Section 2. This Act shall become effective upon signature by the governor or, if not
 11 signed by the governor, upon expiration of the time for bills to become law without signature
 12 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 13 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 14 effective on the day following such approval.

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 235 Engrossed	2016 Regular Session	Talbot
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Abstract: Requires the Joint Legislative Committee on Capital Outlay (JLCCO) to approve all line of credit recommendations before the division of administration submits the list to the State Bond Commission (SBC) for funding, local match waivers, and priority changes of capital outlay appropriations.

Present law requires the legislature to enact a capital outlay bill which incorporates the first year of the five-year capital outlay program as required by the present constitution which shall include the appropriation of funds from specified sources, including proceeds of bonds, for capital projects to be expended during the next fiscal year.

Present law limits general obligation bond funding of non-state entity projects to no more than 25% of the cash line of credit capacity for projects in any fiscal year. Further defines non-state projects as projects not owned and operated by the state except those determined by the commissioner of administration to be a regional economic development initiative or regional health care facility operated in cooperation with the state.

Present law requires non-state entity projects to provide a match of not less than 25% of the total requested amount of funding. Present law provides for exceptions to the local match requirement for certain emergency project, certain rural water system projects, and projects for non-state entities which have demonstrated an inability to provide a local match provided a needs-based formula has been established by rule.

Proposed law retains present law but requires the designation of a non-state project by the commissioner of administration as a regional economic development initiative or regional health care facility operated by the state to be approved by the JLCCO prior to the match requirement provided for in present law being waived or prior to the project being considered a state project for purposes of the 25% funding limitation for non-state projects.

Proposed law further provides that beginning July 1, 2016, all requests for the waiver of the local match requirement shall be approved by the JLCCO prior to the waiver becoming effective. A waiver not approved by the JLCCO shall be inapplicable and of no effect.

Present law limits general obligation bond cash line of credit capacity to \$200 million annually adjusted for construction inflation from 1994.

Proposed law changes the present law limitation of general obligation bond cash line of credit capacity from \$200 million annually adjusted for construction inflation from 1994 to \$250 million annually adjusted for construction inflation from 2017.

Proposed law requires that prior to the submission to or approval by the Interim Emergency Board (IEB) or the SBC of (any request to change the priority designation of a capital outlay appropriation for any state or non-state entity as set forth in the comprehensive capital outlay budget) the request shall first be submitted to and approved by the JLCCO. Requires the JLCCO shall conduct a hearing on requests to change a priority designation of a capital outlay appropriation within 30 calendar days of receiving the request and shall notify the IEB and the SBC in writing within five calendar days of such hearing of any priority change approved by the committee. Further prohibits a priority change from being submitted to the IEB unless the priority change has first been submitted to and approved by the JLCCO.

Present law prohibits work from commencing and contracts from being entered into for any project contained in the capital outlay act unless and until funds are available from cash sources indicated in the act, or from the sale of bonds or from a line of credit approved by the SBC. Present law exempts certain contracts for the Dept. of Transportation and Development from this prohibition.

Present law requires the JLCCO to make recommendations to the commissioner of administration 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 SBC.

Proposed law changes present law by requiring the commissioner to make recommendations to the JLCCO 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 JLCCO no less than 30 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 JLCCO to make final recommendations by either approving the list of recommendations or making changes to the list. Only projects which received approval from the JLCCO can be submitted to the SBC for consideration of funding.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 39:112(E)(1) and (2) and (F) and 122(A); Adds R.S. 39:112(H))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Require the JLCCO to approve the designation of a non-state entity project as a regional economic development initiative or a regional healthcare facility prior to the designation relieving a non-state entity of its local match requirement or prior to the project being considered a state project for purposes of the 25% limitation of funding non-state projects.
2. Require, beginning July 1, 2016, all requests for the waiver of the non-state match to be approved by the JLCCO prior to the waiver becoming effective.
3. Change the general obligation bond cash line of credit capacity to be funded each year from \$200 million adjusted for construction inflation beginning in 1994 to \$250 million adjusted for construction inflation beginning in 2017.
4. Require requests to change the priority designation of a capital outlay appropriation for any project included in the comprehensive capital outlay budget to first be approved by the JLCCO prior to being submitted to the IEB and the SBC.
5. Require the JLCCO to conduct a hearing on requests to change a priority designation within 30 calendar days of receiving the request and to notify the IEB and the SBC in writing within five calendar days of such hearing of any priority change approved by the committee.