HLS 18RS-157 **ORIGINAL**

2018 Regular Session

HOUSE BILL NO. 467

BY REPRESENTATIVE IVEY

CAPITAL OUTLAY: Provides relative to capital outlay reform

1	AN ACT
2	To amend and reenact R.S. 39:112(C)(2)(b), (E)(1) and (2)(b) and (c), and 122(A), relative
3	to capital outlay; to provide with respect to the capital outlay process; to provide
4	with respect to the resubmission of certain capital outlay budget requests; to provide
5	for certain definitions; to provide for certain requirements for non-state entity
6	projects; to provide for changes to the allocation of cash line of credit capacity each
7	fiscal year; to provide with respect to the local match requirements for certain
8	projects; to provide relative to line of credit recommendations for projects; to require
9	the approval of certain line of credit recommendations; to provide for an effective
10	date; and to provide for related matters.
11	Be it enacted by the Legislature of Louisiana:
12	Section 1. R.S. 39:112(C)(2)(b), (E)(1) and (2)(b) and (c) and 122(A) are hereby
13	amended and reenacted to read as follows:
14	§112. Capital outlay act
15	* * *
16	C.
17	* * *
18	(2) For purposes of this Section, the following terms shall have the following
19	meanings unless the context clearly indicates otherwise:
20	* * *

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cooperation with the state.

1	(b) "Economic development <u>project</u> " means <u>a recruitment or retention</u>
2	project undertaken or sponsored by the Department of Economic Development
3	which meets one of the following:
4	(i) Improvements on public or government-owned property for the purposes
5	of attracting or retaining a specific new or existing manufacturing or business
6	operation that benefits Louisiana-
7	(ii) Facilities or improvements on public or government-owned property and
8	that generate generates new, permanent employment or which help helps retain
9	existing employment.
10	(iii)(ii) Facilities or infrastructure improvements on public or government-
11	owned property necessary for the manufacturing plant or business to operate.
12	* * *
13	E.(1) General obligation bond funding of non-state projects shall be limited
14	to no more than twenty-five percent of the cash line of credit capacity for projects
15	in any fiscal year. The commissioner shall divide ten percent of the portion of cash
16	line of credit capacity granted to non-state projects in any fiscal year among the
17	parishes on a pro rata basis of population and number of homesteads in each parish
18	in proportion to population and the number of homesteads throughout the state. The
19	remaining fifteen percent of the cash line of credit capacity granted to non-state
20	projects in any fiscal year shall be prioritized to highway or bridge projects or
21	economic development projects as defined in (C)(2)(b) of this Section. Of the
22	portion of cash line of credit capacity each fiscal year granted to state projects, the
23	commissioner shall designate no less than fifty percent for highway and bridge
24	projects. Non-state projects are those projects not owned and operated by the state
25	except those projects determined by the commissioner of administration to be a

regional economic development initiative or regional health care facility operated in

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

3 * * *

- (b) A project of a non-state entity which has demonstrated its inability to provide a local match. The division of administration shall promulgate rules establishing a needs-based formula for determining the inability of a non-state entity to provide the required local match. However, such rules shall be approved by the House Committee on Appropriations, the House Committee on Ways and Means, the Senate Committee on Finance, and the Senate Committee on Revenue and Fiscal Affairs before they are promulgated.
- (c) A project for a rural water system servicing less than one thousand customers to extend or connect waterlines to other water systems.

* * *

§122. Commencement of work

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

1 list of recommendations from the division of administration and shall have discretion 2 to either approve the list or make changes to the list. The committee shall make final 3 recommendations and shall approve a list of projects which shall be submitted to the 4 State Bond Commission for consideration of lines of credit. Only projects which 5 received approval from the Joint Legislative Committee on Capital Outlay shall be 6 submitted to the State Bond Commission for consideration of lines of credit. 7 8 Section 2. The provisions of this Act shall be applicable to the funding of all non-9 state entity projects included in the capital outlay budget for fiscal years commencing on and 10 after July 1, 2018. 11 Section 3. This Act shall become effective on July 1, 2018.

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 467 Original

2018 Regular Session

Ivey

Abstract: Adds restrictions to the allocation of cash line of credit capacity for capital outlay projects and requires the Joint Legislative Committee on Capital Outlay (JLCCO) to approve line of credit recommendations before the division of administration submits the list to the State Bond Commission for funding.

<u>Present law</u> requires the governor to submit his capital outlay budget which implements the first year of the five-year program capital outlay program and the bond authorization bill for the sale of bonds to fund projects included in the bond portion of the capital outlay bill to the legislature no later than the 8th day of each regular session.

<u>Present law</u> authorizes capital outlay budget requests submitted after Nov. 1st to be included in the capital outlay act if the budget request meets all of the applicable requirements as provided in <u>present law</u>, except for time of submission, and the project is an economic development project recommended in writing by the secretary of the Dept. of Economic Development (DED), the project is an emergency project recommended in writing by the commissioner of administration, the project is for a non-state entity which meets certain <u>present law</u> requirements, or the project is located in a designated disaster area and it meets certain <u>present law</u> requirements.

Proposed law retains present law.

<u>Present law</u> defines the term "economic development" as follows:

(1) Improvements on public or government-owned property for attracting or retaining a new or existing manufacturing or business operation that benefits La.

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(2) Facilities or improvements on public or government-owned property that generate new, permanent employment or which help retain existing employment.

(3) Facilities or infrastructure improvements on public or government-owned property necessary for a manufacturing plant or business to operate.

<u>Proposed law</u> changes the definition of "economic development project" as a project which meets *one* of the following:

- (1) Improvements on public or government-owned property for attracting or retaining a new or existing manufacturing or business operation that benefits La. and generates new, permanent employment or which helps retain existing employment.
- (2) Facilities or infrastructure improvements on public or government-owned property necessary for a manufacturing plant or business to operate.

<u>Present law</u> limits general obligation bond funding of non-state projects to no more than 25% of the cash line of credit capacity for projects in any fiscal year.

<u>Proposed law</u> retains the amount of cash line of credit capacity for non-state projects but requires the commissioner to divide 10% of the portion of cash line of credit granted to non-state on a pro rata basis of population and number of homesteads in each parish in proportion to population and the number of homesteads throughout the state. The remaining 15% of the cash line of credit capacity granted to non-state projects in any fiscal year shall be prioritized for highway, bridge, or economic development projects as defined in <u>proposed</u> law.

<u>Proposed law</u> requires that of the portion of cash line of credit capacity each fiscal year granted to state projects, the commissioner shall designate no less than 50% for highway and bridge projects.

<u>Present law</u> requires non-state 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.
- (2) Projects for which a non-state entity has demonstrated its inability to provide a local match. <u>Proposed law</u> requires the establishment of a needs-based formula for determining the inability of a non-state entity to provide the required local match.
- (3) Projects for rural water systems servicing less than 1,000 customers to extend or connect waterlines to other water systems.

<u>Proposed law</u> repeals the <u>present law</u> exception for non-state entity projects for which the non-state entity had demonstrated its inability to provide a local match.

<u>Present law</u> requires the JLCCO to make recommendations to the commissioner of administration concerning non-state 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 State Bond Commission (SBC).

<u>Proposed law</u> changes <u>present law</u> by requiring the commissioner to make recommendations to the JLCCO concerning state and non-state 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.

<u>Proposed law</u> 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.

Applicable to the funding of all non-state entity projects included in the capital outlay budget for fiscal years commencing on and after July 1, 2018.

Effective July 1, 2018.

(Amends R.S. 39:112(C)(2)(b), (E)(1) and (2)(b) and (c), and 122(A))