Louisiana			Fiscal Note	Fiscal Note O	n: <b>HB 6</b>	HLS 202ES 45
Legislative					n: ORIGINAL	
FiscalinDffice				Opp. Chamb. Actio	n:	
and the second second				Proposed Amo	l.:	
ristill Notes				Sub. Bill For	·.:	
Date: Sep	tember 29, 2020	10:35 AM			Author: DEVILLI	ER
Dept./Agy.:Exe	cutive/DOA Office	e of Facility Plannir	ng & Control	_		
Subject: Cap	ital Outlay			A	Analyst: Willie Ma	arie Scott
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## Annual Total \$0

## **EXPENDITURE EXPLANATION**

Ded./Other

Federal Funds

Local Funds

There is no anticipated direct material effect on governmental expenditures as a result of changes in the procedure by which state and nonstate entity projects are considered for lines of credit by the state bond commission (SBC). The lines of credit for nonstate entity projects are currently limited to no more than 25% of the cash line of credit for projects, therefore the same total amount will be appropriated for nonstate entity projects. Nongovernmental entity projects shall be ineligible for capital outlay funding. Enactment of the proposed legislation may impact how the total lines of credit for state and nonstate entity projects are allocated on a per project basis.

\$0

\$0

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**\$0** 

\$0

<u>Proposed law</u> reduces the annual cash line of credit to \$300 M in FY 22, \$275 M in FY 23, \$250 M in FY 24, and \$225 M in FY 25 and beyond, resulting in an indeterminable reduction in the number of projects, capital outlay spending, and annual debt service costs in fiscal years beyond FY 25 and the scope of this fiscal note. According to the DOA Office of Facility Planning & Control (OFPC), capital outlay project expenditures as well as its expenditures to administer capital outlay projects are generally funded with GO bonds.

Note: The current cash line of credit limit is \$881.4 M in FY 21.

\$0

\$0

\$0

\$0

\$0

<u>\$0</u>

## **REVENUE EXPLANATION**

It is not anticipated that this bill will immediately result in a loss of revenue. OFPC currently charges less than 6% on projects funded with GO bonds. To the extent the reductions in the cash lines of credit required by this bill result in reductions in GO bonding, OFPC may increase the administrative fee charged on each project to prevent a reduction in revenue. An increase in the administrative fee would increase the revenue for OFPC and decrease the amount of revenue available for capital outlay projects. Alternatively, if the size and scope of the capital outlay program is reduced, the OFPC may realize cost savings negating or partially offsetting the need to increase the administrative fee. In addition to projects funded with GO Bonds, the OFPC also administers projects by other means of finance.

