

2026 Regular Session

HOUSE BILL NO. 839

BY REPRESENTATIVE COATES

PUBLIC CONTRACT/BIDS: Provides with respect to a hospital service district use of "construction management at risk"

1 AN ACT

2 To amend and reenact R.S. 38:2212(C)(1) and 2225.2.4(A)(3) and to enact R.S.
3 38:2212(C)(5) and R.S. 46:1073(D), relative to hospital service districts; to provide
4 relative to construction management at risk project thresholds; to provide relative to
5 the public bid law contract threshold applicable to hospital service districts; to
6 provide for the authority of hospital service districts; and to provide for related
7 matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 38:2212(C)(1) and 2225.2.4(A)(3) are hereby amended and reenacted
10 and R.S. 38:2212(C)(5) is hereby enacted to read as follows:

11 §2212. Advertisement and letting to lowest responsible and responsive bidder;
12 public work; electronic bidding; participation in mentor-protégé program;
13 exemptions; subpoena

14 * * *

15 C.(1) Except as provided in Paragraphs (2), (3), ~~and (4)~~, and (5) of this
16 Subsection, the term "contract limit" as used in this Section shall be equal to the sum
17 of two hundred fifty thousand dollars per project, including labor, materials, and
18 equipment as per the rates in the latest edition of the Associated Equipment Dealers
19 Rental Rate Book and administrative overhead not to exceed fifteen percent,
20 provided that beginning February 1, 2025, and annually on February first of each

1 subsequent year, the office of facility planning and control within the division of
2 administration shall adjust the "contract limit" by an amount not to exceed the annual
3 percentage increase in the Consumer Price Index in the preceding year. The office
4 of facility planning and control within the division of administration shall publish the
5 new contract limit for public works contracts in the Louisiana Register in January of
6 each year.

7 * * *

8 (5)(a) Notwithstanding any other provision of law to the contrary, a hospital
9 service district as defined in R.S. 46:1072 may perform public work estimated to cost
10 one million dollars or less using its own employees without advertisement for public
11 bid. No project shall be artificially divided or subdivided for the purpose of avoiding
12 the advertisement requirements of this Section.

13 (b) For the purposes of this Paragraph, "using its own employees" shall mean
14 work performed by employees of the district and shall not include work primarily
15 performed by independent contractors.

16 (c) Nothing in this Paragraph shall be construed to authorize a hospital
17 service district to enter into a negotiated contract in excess of the contract limit
18 otherwise applicable under this Section.

19 * * *

20 §2225.2.4. Construction management at risk; public entity

21 A.

22 * * *

23 (3) CMAR shall not be used for any project that is estimated to cost less than
24 five million dollars, exclusive of a hospital service district as defined by R.S.
25 46:1072(2)(a) that may not use CMAR for any project estimated to cost less than ~~two~~
26 one million dollars. At least sixty days prior to proceeding to use CMAR for any
27 project that is estimated to cost less than fifteen million dollars, a public entity shall
28 deliver written notification of the proposed CMAR project by name and description

1 of the project, together with the reason to use CMAR, to the House and Senate
2 transportation, highways, and public works committees for review and approval.

3 * * *

4 Section 2. R.S. 46:1073(D) is hereby enacted to read as follows:

5 §1073. Market strategies and strategic planning

6 * * *

7 D. In furtherance of the purposes of this Subpart and notwithstanding any
8 provision of law to the contrary, a hospital service district defined in R.S. 46:1072
9 may perform public work estimated to cost one million dollars or less using its own
10 employees without advertisement for public bid as provided in R.S. 38:2212(C)(5).

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 839 Original

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Coates

Abstract: Reduces the Construction Management at Risk threshold for hospital service districts. Authorizes a hospital service district to perform public work estimated to cost one million dollars or less using its own employees without public bid.

Present law requires that the term “contract limit” for public works projects be \$250,000 per project, including labor, materials, and equipment at rates in the latest edition of the Associated Equipment Dealers Rental Rate Book, with administrative overhead not to exceed 15%. Requires the Office of Facility Planning and Control within the division of administration to adjust the contract limit annually on Feb.1, by no more than the prior year’s percentage increase in the Consumer Price Index, and to publish the new limit in the La. Register in Jan. of each year.

Proposed law retains present law.

Proposed law authorizes a hospital service district to perform projects costing \$1,000,000 or less using its own employees without public bid. Prohibits artificially dividing or subdividing projects to avoid the advertisement requirements.

Proposed law clarifies that “using its own employees” means work performed by district employees and does not include work primarily performed by independent contractors. Further clarifies that nothing in proposed law authorizes a hospital service district to enter into a negotiated contract that exceeds the contract limit otherwise applicable under proposed law.

Present law prohibits Construction Management at Risk (CMAR) from being used for projects estimated under \$5 million, or under \$2 million for hospital service districts. Requires a public entity to notify the House and Senate transportation committees at least 60 days in advance for projects under \$15 million with the project name, description, and justification for using CMAR.

Proposed law modifies present law by changing the hospital service district threshold from \$2 million to \$1 million.

Proposed law authorizes a hospital service district to perform public work estimated to cost \$1 million dollars or less using its own employees without advertisement for public bid.

(Amends R.S. 38:2212(C)(1) and 2225.2.4(A)(3); Adds R.S. 38:2212(C)(5) and R.S. 46:1073(D))