HLS 182ES-40 ORIGINAL

2018 Second Extraordinary Session

HOUSE CONCURRENT STUDY REQUEST NO. 2

BY REPRESENTATIVES COUSSAN AND HUVAL

Approved 6-4-18

CAPITAL OUTLAY: Urges and Requests the House Ways and Means and the Senate Revenue and Fiscal Affairs Committees to study alternative funding sources to fund nonstate entity projects in the capital outlay program

1 A CONCURRENT STUDY REQUEST 2 To the House Ways and Means Committee and the Senate Revenue and Fiscal Affairs 3 Committee to study and conduct interim hearings to identify alternative funding 4 sources, including but not limited to exploring options such as establishing tax 5 credits or rebates as incentives for donations by private individuals or businesses, to 6 support nonstate entity projects in the capital outlay program or otherwise provide 7 for the finance of nonstate projects and to report the findings of the committees to 8 the full legislature prior to the convening of the 2019 Regular Session. 9 WHEREAS, the State has assisted in funding many local government and non-10 government capital outlay projects, also known as "nonstate entity projects", to provide local 11 governments and nongovernmental entities with critical funding for projects that are 12 necessary and important to their communities, including but not limited to clean water and 13 sewerage projects and facility and transportation infrastructure improvements. However, 14 as a result of the state committing funding to these nonstate entity projects, the state has less 15 dollars to commit to necessary and important projects for state agencies such as deferred 16 maintenance for buildings and facilities on higher education campuses and transportation 17 infrastructure and flood control projects; and 18 WHEREAS, the majority of the state funding available and included in the capital 19 outlay program is derived from revenues realized from the sale of general obligation bonds; 20 and

1	WHEREAS, according to the provisions R.S. 39:112(E)(1), general obligation bond
2	funding of nonstate projects is limited to no more than twenty-five percent of the cash line
3	of credit capacity for projects in any fiscal year; and
4	WHEREAS, the amount of cash line of credit capacity is determined each fiscal year
5	by the Office of Facility Planning and Control. The amount of cash line of credit capacity
6	for Fiscal Year 2018-2019 is three hundred ninety million dollars, but has fluctuated between
7	three hundred seventy and three hundred eighty-five million dollars over the last several
8	fiscal years; and
9	WHEREAS, fluctuating revenues have resulted in repeated mid-year state operating
10	deficits and projected ensuing year state operating deficits that reduce the amount of
11	discretionary funds available for operating budget and capital expenditures and payment of
12	debt service on capital expenditures; and
13	WHEREAS, because of the projected state operating budget deficit for Fiscal Year
14	2018-2019, the state is limited in the amount of general obligation bond proceeds that can
15	be raised, and debt service that can be funded, in Fiscal Year 2019 and thereafter to provide
16	for the capital outlay program; and
17	WHEREAS, the House Ways and Means Committee held numerous hearings in
18	2016, 2017, and 2018 on the issue of the status of capital outlay projects included in the
19	capital outlay program and the challenge the state faces with the current funding of the
20	capital outlay program; and
21	WHEREAS, during the 2018 Regular Session of the Legislature, House Bill No. 900
22	was introduced which proposes to establish the Louisiana Capital Outlay Revolving Loan
23	Bank to provide financial assistance for capital infrastructure projects of local governments
24	and political subdivisions through loans; and
25	WHEREAS, even with established state and federal government programs to assist
26	local governments and nongovernmental entities with funding sources needed for capital
27	projects, local governments and nongovernmental entities encounter financial challenges in
28	meeting match requirements and other required local contributions in order to fund capital
29	projects;

1 WHEREAS, the state should consider funding from all private and public sources 2 in order to maximize the projects that are designed, planned, and constructed through the 3 capital outlay program, including the possibility of establishing incentives such as tax credits 4 or rebates as incentives to maximize public and private donations for the capital outlay 5 program; and 6 WHEREAS, the House Ways and Means and the Senate Revenue and Fiscal Affairs 7 Committees should work with the State Treasurer, the Office of Facility Planning and 8 Control, and other stakeholders to continue to explore alternative funding sources that could 9 provide financing to local governments and nongovernmental entities for planning, design, 10 construction, and maintenance costs associated with needed infrastructure projects while 11 preserving the state fisc over the long term. 12 THEREFORE, BE IT RESOLVED the Legislature of Louisiana requests the House Ways and Means Committee and the Senate Revenue and Fiscal Affairs Committee to study 13 14 and conduct interim hearings to identify alternative funding sources, including but not 15 limited to exploring options such as establishing tax credits or rebates as incentives for 16 donations by private individuals or businesses, to support nonstate entity projects in the 17 capital outlay program or otherwise provide for the finance of nonstate projects and to report 18 the findings of the committees to the full legislature prior to the convening of the 2019 19 Regular Session. 20 BE IT FURTHER RESOLVED that a copy of this Study Request be transmitted to 21 the State Treasurer's Office and to the Office of Facility Planning and Control in the Division 22 of Administration.

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)]

HCSR 2 Original

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Requests the House Ways and Means Committee and the Senate Revenue and Fiscal Affairs Committee to study and conduct interim hearings to identify alternative funding sources, including but not limited to exploring options such as establishing tax credits or rebates as incentives for donations by private individuals or businesses, to support nonstate entity projects in the capital outlay program or otherwise provide for the finance of nonstate projects, and to report the findings of the committees to the full legislature prior to the convening of the 2019 Regular Session.