

2020 Second Extraordinary Session

HOUSE BILL NO. 6

BY REPRESENTATIVE DEVILLIER

CAPITAL OUTLAY: Restricts the allocation of cash line of credit capacity for certain projects and provides for the recommendation of projects for lines of credit (Item #15)

1 AN ACT

2 To amend and reenact R.S. 39:112(E)(1) and (F) and 122(A), relative to capital outlay; to
3 provide certain requirements for nonstate projects; to provide for changes to the
4 amount and allocation of cash line of credit capacity each fiscal year; to provide for
5 certain definitions; to provide relative to line of credit recommendations for projects;
6 to require the approval of certain line of credit recommendations; to provide for
7 applicability; to provide for an effective date; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 39:112(E)(1) and (F) and 122(A) are hereby amended and reenacted
10 to read as follows:

11 §112. Capital outlay act

12 * * *

13 E.(1)(a) General obligation bond funding of ~~non-state~~ nonstate projects shall
14 be limited to no more than twenty-five percent of the cash line of credit capacity for
15 projects in any fiscal year. ~~Non-state~~ Nonstate projects are those projects not owned
16 and operated by the state except those projects determined by the commissioner of
17 administration to be a ~~regional economic development initiative~~ or regional health
18 care facility operated in cooperation with the state. Nongovernmental entity projects
19 shall be ineligible for capital outlay funding. The allocation of general obligation

1 bond cash lines of credit for nonstate projects shall comply with the provisions of
2 Subparagraph (b) of this Paragraph, and the allocation of general obligation bond
3 cash lines of credit for state projects shall comply with the provisions of
4 Subparagraph (c) of this Paragraph.

5 (b) Of the allocation of the general obligation bond cash lines of credit
6 granted in any fiscal year for nonstate projects, the commissioner shall divide forty
7 percent of the allocation among the parishes on a pro rata basis of population and
8 number of homesteads in each parish in proportion to the population and number of
9 homesteads throughout the state. The remaining sixty percent of the general
10 obligation bond cash lines of credit granted in any fiscal year to nonstate projects
11 shall be prioritized to highway or bridge projects, flood control and flood prevention
12 projects, or economic development projects. For purposes of this Subparagraph, the
13 term "economic development project" shall mean any project undertaken by a
14 nonstate entity which is determined by the governing authority of the parish in which
15 the project is located to benefit the parish and which generates new, permanent
16 employment.

17 (c) Of the allocation of general obligation bond cash lines of credit granted
18 in any fiscal year for state projects, the commissioner shall direct no less than two
19 thousand one hundred dollars of cash line of credit capacity for each state highway
20 mile located within each highway district to the Department of Transportation and
21 Development to fund projects which are deemed the highest priority by the district
22 engineer within the geographic boundaries of each highway district. The allocation
23 to highway districts may be used to fund costs for the lease or rental of movable
24 equipment necessary for construction of deferred maintenance or drainage projects.
25 Of the remaining general obligation bond cash lines of credit granted in any fiscal
26 year for state projects, no less than fifty percent of the allocation shall be directed by
27 the commissioner to fund highway and bridge projects.

28 * * *

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 F.(1) The annual amount of general obligation bond cash line of credit
2 capacity shall ~~be limited to two hundred million dollars annually adjusted for~~
3 ~~construction inflation from 1994.~~ not exceed the following:

4 (a) For Fiscal Year 2022, three hundred million dollars.

5 (b) For Fiscal Year 2023, two hundred seventy-five million dollars.

6 (c) For Fiscal Year 2024, two hundred fifty million dollars.

7 (d) For Fiscal Year 2025, and each year thereafter, two hundred twenty-five
8 million dollars.

9 (2) This limit shall only be raised by a favorable vote of two-thirds of the
10 elected members of each house of the legislature, which may be accomplished by
11 mail ballot.

12 * * *

13 §122. Commencement of work

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

1 Means and the Senate Committee on Revenue and Fiscal Affairs shall receive the list
2 of recommendations from the division of administration and shall have discretion to
3 either approve the list or make changes to the list. The committees shall make final
4 recommendations and shall separately approve a list of projects which shall be
5 submitted to the State Bond Commission for consideration of lines of credit. Only
6 projects which receive approval from both the House Committee on Ways and
7 Means and the Senate Committee on Revenue and Fiscal Affairs shall be submitted
8 to the State Bond Commission for consideration of lines of credit. For each project
9 presented to the State Bond Commission for approval of a general obligation bond
10 cash line of credit there shall be included an estimate of debt service costs associated
11 with the sale of debt for the total project cost.

* * *

13 Section 2. The provisions of this Act shall be applicable to the funding of all projects
14 included in the capital outlay budget for fiscal years commencing on and after July 1, 2021.

15 Section 3. This Act shall become effective on July 1, 2021.

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 6 Original 2020 Second Extraordinary Session DeVillier

Abstract: Adds restrictions to the allocation of cash line of credit capacity for capital outlay projects and requires certain legislative committees to approve line of credit recommendations before the division of administration submits the list to the State Bond Commission for funding.

Present law requires the governor to submit his capital outlay budget which implements the first year of the five-year 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.

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

Proposed law eliminates projects determined by the commissioner as regional economic development projects from being eligible to be classified as nonstate projects.

Proposed law retains the amount of cash line of credit capacity for nonstate projects but requires the commissioner to divide 40% of the GOB allocation of cash line of credit granted to nonstate projects on a pro rata basis of population and number of homesteads in each parish in proportion to the population and number of homesteads throughout the state. The remaining 60% of the GOB cash line of credit capacity granted to nonstate projects shall be prioritized for highway, bridge, flood control and flood prevention projects, or economic development projects as defined in proposed law. Further defines "economic development project" for purposes of proposed law.

Proposed law requires that of the portion of GOB cash line of credit capacity for each fiscal year granted to state projects, the commissioner shall direct no less than \$2,100 for each state highway mile located within each highway district to the Dept. of Transportation and Development to fund projects which are deemed the highest priority by the district engineer within the geographic boundaries of each highway district.

Proposed law authorizes the allocation for highway districts to be used to fund costs for the lease or rental of movable equipment necessary for construction of deferred maintenance or drainage projects. Further requires the commissioner to designate no less than 50% of the remaining GOB cash line of credit capacity to be directed to highway and bridge projects.

Proposed law prohibits projects from nongovernmental entities from being eligible for capital outlay funding.

Present law requires the Joint Legislative Committee on Capital Outlay (JLCCO) to make recommendations to the commissioner 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 State Bond Commission (SBC).

Proposed law changes present law by requiring the commissioner to make recommendations to the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs (committees) concerning all projects to be recommended for lines of credit. Further requires the commissioner to submit the list of recommendations to the committees no less than 15 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 committees to make final recommendations by either approving the list of recommendations or making changes to the list. Only projects which receive approval from the committees can be submitted to the SBC for consideration of funding.

Present law limits the annual amount of GOB cash line of credit capacity which may be authorized by the SBC to \$200 million per year, adjusted for construction inflation from 1994. The amount may be raised by a favorable vote of 2/3 of the elected members of each house of the legislature.

Proposed law changes present law by establishing the following specific amounts which may be authorized each year:

- (1) For Fiscal Year 2022, \$300 million.
- (2) For Fiscal Year 2023, \$275 million.
- (3) For Fiscal Year 2024, \$250 million.
- (4) For Fiscal Year 2025, and each year thereafter, \$225 million.

Proposed law retains authority for a change in the limit by a favorable vote of 2/3 of the elected members of each house of the legislature and adds authority for that approval to be accomplished by mail ballot.

Applicable to the funding of all nonstate entity projects included in the capital outlay budget for fiscal years commencing on and after July 1, 2021.

Effective July 1, 2021.

(Amends R.S. 39:112(E)(1) and (F) and 122(A))