
DIGEST

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HB 277 Engrossed

2021 Regular Session

Bishop

Abstract: Adds restrictions to the allocation of cash line of credit capacity for capital outlay projects and requires the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs 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 to 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, beginning July 1, 2021, nongovernmental entity projects from being eligible for capital outlay funding; however, any project which commenced prior to July 1, 2021, may continue to participate in the capital outlay program until the project or current phase of the project is complete.

Present law requires nonstate entity projects to provide a match of not less than 25% of the total requested amount of funding. Present law authorizes limited exceptions to the local match requirement.

Proposed law increases the local match requirement from 25% of the total requested amount of funding to 50% of the total requested amount of funding and expands the entities required to provide local match to include projects for colleges and universities managed by a board of supervisors.

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 state and nonstate entity 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 received 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 fiscal year thereafter, \$225 million.

Proposed law retains authority for a change in the limit by a favorable vote of 2/3rds 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 or after July 1, 2021.

Effective July 1, 2021.

(Amends R.S. 39:112(E)(1) and (2)(intro. para.) and (F) and 122)