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## DIGEST

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HB 115 Engrossed

2016 Regular Session

Jay Morris

**Abstract:** Requires the Joint Legislative Committee on Capital Outlay (JLCCO) to approve all line of credit recommendations before the division of administration submits the list to the State Bond Commission (SBC) for funding, local match waivers, and priority changes of capital outlay appropriations.

Present law requires the legislature to enact a capital outlay bill which incorporates the first year of the five-year capital outlay program as required by the present constitution which shall include the appropriation of funds from specified sources, including proceeds of bonds, for capital projects to be expended during the next fiscal year.

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

Present law requires non-state entity projects to provide a match of not less than 25% of the total requested amount of funding. Present law provides for exceptions to the local match requirement for certain emergency project, certain rural water system projects, and projects for non-state entities which have demonstrated an inability to provide a local match provided a needs-based formula has been established by rule.

Proposed law retains present law but requires the designation of a non-state project by the commissioner of administration as a regional economic development initiative or regional health care facility operated by the state to be approved by the JLCCO prior to the match requirement provided for in present law being waived or prior to the project being considered a state project for purposes of the 25% funding limitation for non-state projects.

Proposed law further provides that beginning July 1, 2016, all requests for the waiver of the local match requirement shall be approved by the JLCCO prior to the waiver becoming effective. A waiver not approved by the JLCCO shall be inapplicable and of no effect.

Present law limits general obligation bond cash line of credit capacity to \$200M annually adjusted for construction inflation from 1994.

Proposed law changes the present law limitation of general obligation bond cash line of credit

capacity from \$200M annually adjusted for construction inflation from 1994 to \$250M annually adjusted for construction inflation from 2017.

Proposed law requires any request to change the priority designation of a capital outlay appropriation for any project as set forth in the comprehensive capital outlay budget to first be submitted to and approved by the JLCCO prior to submission to or approval by the Interim Emergency Board (IEB) or the SBC. Further requires the JLCCO to conduct a hearing on requests to change a priority designation of a capital outlay appropriation within 30 calendar days of receiving the request and to notify the IEB and the SBC in writing within five calendar days of the hearing of any priority change approved by the committee. Further prohibits a priority change from being submitted to the IEB unless the priority change has first been submitted to and approved by the JLCCO.

Present law prohibits work from commencing and contracts from being entered into for any project contained in the capital outlay act unless and until funds are available from cash sources indicated in the act, or from the sale of bonds or from a line of credit approved by the State Bond Commission (SBC). Present law exempts certain contracts for the Dept. of Transportation and Development from this prohibition.

Present law requires the JLCCO to make recommendations to the commissioner of administration 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 SBC.

Proposed law changes present law by requiring the commissioner to make recommendations to the JLCCO 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 JLCCO 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 JLCCO to make final recommendations by approving the list, rejecting any project on the list, or making any other changes to the list. Provides that only projects which received approval from the JLCCO can be submitted to the SBC for consideration of funding.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 39:112(E)(1) and (2) and (F) and 122(A); Adds R.S. 39:112(H))

## Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Expand the bill from one which applies to non-state entities to one that applies to both state and non-state entities.
2. Require the JLCCO to approve the designation of a non-state entity project as a regional economic development initiative or a regional healthcare facility prior to the designation relieving a non-state entity of its local match requirement or prior to the project being considered a state project for purposes of the 25% limitation of funding non-state projects.
3. Require, beginning July 1, 2016, all requests for the waiver of the non-state match to be approved by the JLCCO prior to the waiver becoming effective.
4. Change the general obligation bond cash line of credit capacity to be funded each year from \$200M adjusted for construction inflation beginning in 1994 to \$250M adjusted for construction inflation beginning in 2017.
5. Require requests to change the priority designation of a capital outlay appropriation for any project included in the comprehensive capital outlay budget to first be approved by the JLCCO prior to being submitted to the IEB and the SBC.
6. Require the JLCCO to conduct a hearing on requests to change a priority designation within 30 calendar days of receiving the request and to notify the IEB and the SBC in writing within five calendar days of such hearing of any priority change approved by the committee.