

2018 Regular Session

HOUSE BILL NO. 467

BY REPRESENTATIVE IVEY

CAPITAL OUTLAY: Provides relative to capital outlay reform

1 AN ACT

2 To amend and reenact R.S. 39:112(C)(2)(b), (E)(1) and (2)(b) and (c), and 122(A), relative
3 to capital outlay; to provide with respect to the capital outlay process; to provide
4 with respect to the resubmission of certain capital outlay budget requests; to provide
5 for certain definitions; to provide for certain requirements for non-state entity
6 projects; to provide for changes to the allocation of cash line of credit capacity each
7 fiscal year; to provide with respect to the local match requirements for certain
8 projects; to provide relative to line of credit recommendations for projects; to require
9 the approval of certain line of credit recommendations; to provide for an effective
10 date; and to provide for related matters.

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. R.S. 39:112(C)(2)(b), (E)(1) and (2)(b) and (c) and 122(A) are hereby
13 amended and reenacted to read as follows:

14 §112. Capital outlay act

15 * * *

16 C.

17 * * *

18 (2) For purposes of this Section, the following terms shall have the following
19 meanings unless the context clearly indicates otherwise:

20 * * *

1 (b) "Economic development project" means a recruitment or retention
2 project undertaken or sponsored by the Department of Economic Development
3 which meets one of the following:

4 (i) Improvements on public or government-owned property for the purposes
5 of attracting or retaining a specific new or existing manufacturing or business
6 operation that benefits Louisiana:

7 ~~(ii) Facilities or improvements on public or government-owned property and~~
8 that ~~generate~~ generates new, permanent employment or which ~~help~~ helps retain
9 existing employment.

10 ~~(iii)~~(ii) Facilities or infrastructure improvements on public or government-
11 owned property necessary for the manufacturing plant or business to operate.

12 * * *

13 E.(1) General obligation bond funding of non-state projects shall be limited
14 to no more than twenty-five percent of the cash line of credit capacity for projects
15 in any fiscal year. The commissioner shall divide ten percent of the portion of cash
16 line of credit capacity granted to non-state projects in any fiscal year among the
17 parishes on a pro rata basis of population and number of homesteads in each parish
18 in proportion to population and the number of homesteads throughout the state. The
19 remaining fifteen percent of the cash line of credit capacity granted to non-state
20 projects in any fiscal year shall be prioritized to highway or bridge projects or
21 economic development projects as defined in (C)(2)(b) of this Section. Of the
22 portion of cash line of credit capacity each fiscal year granted to state projects, the
23 commissioner shall designate no less than fifty percent for highway and bridge
24 projects. Non-state projects are those projects not owned and operated by the state
25 except those projects determined by the commissioner of administration to be a
26 regional economic development initiative or regional health care facility operated in
27 cooperation with the state.

- (2) Facilities or improvements on public or government-owned property that generate new, permanent employment or which help retain existing employment.
- (3) Facilities or infrastructure improvements on public or government-owned property necessary for a manufacturing plant or business to operate.

Proposed law changes the definition of "economic development project" as a project which meets *one* of the following:

- (1) Improvements on public or government-owned property for attracting or retaining a new or existing manufacturing or business operation that benefits La. and generates new, permanent employment or which helps retain existing employment.
- (2) Facilities or infrastructure improvements on public or government-owned property necessary for a manufacturing plant or business to operate.

Present law limits general obligation bond funding of non-state projects to no more than 25% of the cash line of credit capacity for projects in any fiscal year.

Proposed law retains the amount of cash line of credit capacity for non-state projects but requires the commissioner to divide 10% of the portion of cash line of credit granted to non-state on a pro rata basis of population and number of homesteads in each parish in proportion to population and the number of homesteads throughout the state. The remaining 15% of the cash line of credit capacity granted to non-state projects in any fiscal year shall be prioritized for highway, bridge, or economic development projects as defined in proposed law.

Proposed law requires that of the portion of cash line of credit capacity each fiscal year granted to state projects, the commissioner shall designate no less than 50% for highway and bridge projects.

Present law requires non-state entities applying for capital outlay funding to provide a match of not less than 25% of the total requested funding amount with the following exceptions:

- (1) Projects deemed to be an emergency by the commissioner of administration.
- (2) Projects for which a non-state entity has demonstrated its inability to provide a local match. Proposed law requires the establishment of a needs-based formula for determining the inability of a non-state entity to provide the required local match.
- (3) Projects for rural water systems servicing less than 1,000 customers to extend or connect waterlines to other water systems.

Proposed law repeals the present law exception for non-state entity projects for which the non-state entity had demonstrated its inability to provide a local match.

Present law requires the JLCCO to make recommendations to the commissioner of administration concerning non-state 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 JLCCO concerning state and non-state 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 30 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 either approving the list of recommendations or making changes to the list. Only projects which received approval from the JLCCO can be submitted to the SBC for consideration of funding.

Applicable to the funding of all non-state entity projects included in the capital outlay budget for fiscal years commencing on and after July 1, 2018.

Effective July 1, 2018.

(Amends R.S. 39:112(C)(2)(b), (E)(1) and (2)(b) and (c), and 122(A))