

2018 Second Extraordinary Session

HOUSE CONCURRENT STUDY REQUEST NO. 2

BY REPRESENTATIVES COUSSAN AND HUVAL

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  
13 Ways and Means Committee and the Senate Revenue and Fiscal Affairs Committee to study  
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.

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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)]

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HCSR 2 Original

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