

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2018 REGULAR SESSION**

MEASURE

2018 BR NUMBER **1045**

SENATE BILL NUMBER **86 GA**

RESOLUTION NUMBER ____

AMENDMENT NUMBER ____

SUBJECT/TITLE **AN ACT relating to capital projects.**

SPONSOR **Senator S. Humphries**

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: ____

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY ____ OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2017-2018	2018-2019	2019-2020	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES				
EXPENDITURES				
NET EFFECT				

() indicates a decrease/negative

MEASURE’S PURPOSE: The purpose of this measure is to increase the dollar minimum for the definition of “capital projects” for entities other than institutions of higher education from \$600,000 to \$1,000,000.

PROVISIONS/MECHANICS: Section 1 amends KRS 7A.010 to increase the dollar minimum from \$600,000 to \$1,000,000 for all capital projects other than movable equipment and to increase and conform the dollar minimum from \$600,000 to \$1,000,000 for all information technology systems.

Section 2 amends KRS 45.750 increase the threshold for all entities that fall under the definition to \$1,000,000.

FISCAL EXPLANATION: This measure raises the threshold for capital construction projects to be considered a “capital project” by an amount of \$400,000 for state agencies other than higher education institutions, exempting only items of movable equipment. Capital projects from items listed in appropriations for projects not line-itemized only need to be reported to the Capital Projects and Bond Oversight Committee (CPBOC), unless utilizing at least 50 percent private or federal funds, as provided in KRS 45.760(7), which does require CPBOC approval.

Thus the increase in threshold permits state agencies to execute capital projects up to \$1,000,000 without General Assembly authorization, meaning state agencies can access funds more quickly for projects under the new amount, which was previously more limited.

Additionally, per KRS 45.760(7)(a), a capital construction project may be authorized even though it is not specifically listed in a branch budget bill, subject to certain conditions, which include that "fifty percent or more shall be funded by federal or private funds, and fifty percent or less of the actual cost shall be funded by the capital construction and equipment purchase contingency account." Raising the threshold increases the amount of private or federal funds required to authorize a project through these means.

This measure otherwise aligns and conforms the CPBOC reporting requirements of these entities to postsecondary institutions, whom currently do not report or request capital projects between \$600,000 and \$1,000,000.

In conclusion, beyond the aforementioned procedural efficiencies, there are no foreseeable savings or costs for this bill. There is no fiscal impact.

DATA SOURCE(S): Finance and Administration Cabinet Staff and LRC Staff

PREPARER: Liz Columbia NOTE NUMBER: 89 REVIEW: JAB DATE: 2/12/2018