

RÉSUMÉ DIGEST

ACT 311 (SB 189)

2020 Regular Session

White

New law provides for legislative intent regarding the Coronavirus Local Recovery Allocation Program and the La. Main Street Recovery Program.

Creates the Coronavirus Local Recovery Allocation Fund (allocation fund) as a special fund in the treasury to provide funding to local governments for expenditures incurred due to the COVID-19 pandemic. Requires that the treasurer deposit into the allocation fund \$511,178,704 of the federal monies allocated to Louisiana pursuant to Section 5001 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136.

Provides that monies in the allocation fund be invested and interest earned be deposited and credited to the fund and unexpended and unencumbered monies remain in the allocation fund, except as provided in new law or federal guidelines. Requires that monies in the allocation fund be appropriated to the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) and used solely as provided in new law. Requires the treasurer to allocate 0.5% monies deposited in the allocation fund to GOHSEP and 0.5% of the monies to the legislative auditor for the purpose of performing the duties provided under new law.

Authorizes the commissioner of administration, in consultation with GOHSEP, to develop procedures to govern the administration of the program and may promulgate emergency rules.

Provides that within 15 calendar days after receiving a submission for reimbursement pursuant to the allocation fund, GOHSEP and the division of administration shall review the submission and, if eligible, approve the submission, and forward the approved eligible expenditures to GOHSEP for disbursement. Funds for verified claims shall be disbursed by GOHSEP within five days of receipt by GOHSEP.

Provides that only expenditures incurred due to COVID-19 between March 1, 2020, and December 30, 2020, are eligible for reimbursement from the allocation fund and any claim submitted after December 30, 2020, is ineligible for payment.

Provides that no later than the fifteenth of each month, the director of GOHSEP and the commissioner of administration jointly shall submit a report to the Joint Legislative Committee on the Budget (JLCB) detailing by parish the amounts requested for reimbursement under new law, the amounts actually reimbursed, and the average time for disbursing funds to each parish.

Creates the La. Main Street Recovery Program and creates the La. Main Street Recovery Fund, the "Recovery Fund". Monies in the Recovery Fund are to be used to provide economic support to eligible businesses for cost incurred in connection with COVID-19.

Provides that expenses reimbursed by business interruption insurance or disallowed by the CARES Act or any guidance or regulation issued by the U.S. Department of the Treasury shall not be eligible expenses under new law.

Defines an "eligible business" to mean a for-profit corporation, a limited liability company, a partnership, or a sole proprietorship that meets all of the following criteria:

- (1) Was domiciled in Louisiana as of March 1, 2020.
- (2) Is in good standing with the Secretary of State, if applicable.
- (3) Suffered an interruption of business.
- (4) Has a controlling interest owned by one or more Louisiana residents, whether individual resident citizens or Louisiana domestic business entities.
- (5) Filed Louisiana taxes for tax year 2018 or 2019, or, for an eligible business formed on or after January 1, 2020, intends to file Louisiana taxes for tax year 2020.
- (6) Has customers or employees coming to its physical premises.

- (7) Had no more than 50 full-time equivalent employees as of March 1, 2020.
- (8) Is not a subsidiary of a business with more than 50 full-time equivalent employees, is not part of a larger business enterprise with more than 50 full-time equivalent employees, and is not owned by a business with more than 50 full-time equivalent employees.
- (9) Does not exist for the purpose of advancing partisan political activities and does not directly lobby federal or state officials.
- (10) Does not derive income from passive investments without active participation in business operations.

Defines the following terms:

- (1) "Grant" means an award by the state treasurer to an eligible business as provided in new law.
- (2) "Interruption of business" means disruption of regular business operations resulting from required or voluntary closure related to COVID-19.
- (3) "Louisiana taxes" means all taxes administered by the secretary of the Department of Revenue pursuant to Title 47 of the LRS.
- (4) "Minority business enterprise" means a small business organized for profit performing a commercially useful function which is at least 50% owned by one or more minority individuals, women, or veterans who also control and operate the business. Provides that if more than one person owns the enterprise, then requires at least 50% of the owners be resident citizens of the state. Provides that "control" means exercising the power to make policy decisions and "operate" means being actively involved in the day-to-day management of the business.
- (5) "Recovery Program" means the La. Main Street Recovery Program.

Requires the treasurer to deposit in and credit to the Recovery Fund \$300 million of the federal monies allocated to Louisiana pursuant to Section 5001 of the CARES Act.

Requires that monies in the Recovery Fund be invested in the same manner as monies in the state general fund; that interest earned on the investment of monies in the fund be deposited in and credited to the fund; that except as provided in new law and applicable federal guidelines, unexpended and unencumbered monies in the fund shall remain in the fund; and that monies in the fund be appropriated and used solely as provided by new law.

Establishes the La. Main Street Recovery Program, to be administered by the treasurer for the purpose of making grants to eligible businesses. Requires that monies in the fund be disbursed in compliance with the guidelines, guidance, rules, regulations, and other criteria of the U.S. Department of the Treasury regarding the use of monies from the coronavirus relief fund established in the CARES Act.

Requires that the treasurer develop procedures to govern the administration of the program and may promulgate emergency rules. Requires that the treasurer use monies in the fund to make grants to eligible businesses and that he may retain an amount not to exceed 5% of the initial deposit for administrative expenses which, expenses may include costs for the treasurer and the legislative auditor for work performed in execution of the program.

Authorizes the treasurer to enter into a consulting services contract as an emergency procurement to expedite the distribution of the funds and that the cost of the contract is an administrative expense.

Requires that no later than June 20, 2020, the treasurer submit a proposal for distribution of grants to the JLCB for approval prior to any disbursement. Any proposal submitted to the JLCB shall contain recommended proposals that would first address, within the first 21 days, the needs of eligible businesses that meet all of the following criteria:

- (1) The eligible business did not receive a United States Small Business Administration-Guaranty Paycheck Protection Program loan or a United States Small Business Administration Economic Injury Disaster Loan Emergency Advance.
- (2) The eligible business did not receive and has not been awarded reimbursement under any other federal program for the expenses that will be reimbursed by a grant under new law.
- (3) The eligible business did not receive compensation from an insurance company for the interruption of business.

Requires that the treasurer ensure that within the first 60 days of the program no less than \$40 million in grants, exclusive of administrative expenses retained by his office, be awarded to minority business enterprises.

Provides that no later than July 1, 2020, the treasurer shall announce the date the program shall begin.

Provides that any unobligated balance in the allocation fund on December 1, 2020, shall be transferred to the State Coronavirus Relief Fund to be used for local governmental units, businesses, or the state.

Provides for purposes of new law, the legislative auditor may review all applications and conduct audits for compliance with the provisions of the programs established in new law. The legislative auditor shall report any findings to the Legislative Audit Advisory Council and the JLCB.

Effective upon signature of the governor (June 12, 2020).

(Adds R.S. 39:100.41-100.47 and R.S. 47:1508(B)(43))