

1 Section 1. Chapter 3-C of Subtitle I of Title 39 of the Louisiana Revised Statutes of
2 1950, comprised of R.S. 39:462.1 through 462.6, and 1367(E)(2)(b)(ix) are hereby enacted
3 to read as follows:

4 CHAPTER 3-C. LOUISIANA INFRASTRUCTURE

5 REVOLVING LOAN PROGRAM

6 §462.1. Louisiana Infrastructure Revolving Loan Program; purposes

7 A. The legislature finds that:

8 (1) State government has assisted in funding many local capital outlay
9 projects that are necessary to provide local facilities, but the choice involved with
10 this state funding is to either reduce the amount of funding available for state
11 programs and services or ignore the need for assistance to local governments.

12 (2) Even with established state and federal government programs to assist
13 local governments with needed and necessary funding for infrastructure projects,
14 including those for clean water and sewerage projects, local governments encounter
15 financial challenges in meeting match funding requirements and other required local
16 contributions required by the existing state capital outlay program and other
17 infrastructure programs.

18 (3) The most effective way of accomplishing the goal of providing for local
19 infrastructure project financing and for preservation of the state fisc over the long
20 term is to establish a low-interest-rate revolving loan fund to be available for local
21 infrastructure projects to assist participating borrowers in meeting required local
22 contributions, including match requirements, and to provide an alternative means to
23 fund appropriate local infrastructure projects that would otherwise compete with
24 scarce state funding for state projects.

25 B. In order to continue to provide required local contributions to local
26 governments, including matching funds, for the planning, design, construction, and
27 maintenance connected with needed infrastructure projects, it is the purpose of this
28 Chapter to provide for the establishment and administration of a program to make
29 loans from a revolving loan fund and to provide other assistance to local

1 governments for use in meeting required local contributions, including matching
2 funds, or other required funding in carrying out or proposing to carry out eligible
3 infrastructure projects, and enter into cooperative endeavor agreements and interstate
4 compacts as may be necessary and proper to fulfill the purposes of this Chapter.

5 §462.2. Louisiana Infrastructure Revolving Loan Program; definitions

6 The following terms as used in this Chapter shall have the following
7 meanings:

8 (1) "Approved infrastructure program" means a program through which an
9 eligible infrastructure project may be funded including but not limited to the
10 following programs:

11 (a) State Capital Outlay Budget Program as provided in R.S. 39:101 et seq.,
12 administered by the division of administration, office of facility planning and
13 control.

14 (b) Clean Water State Revolving Fund established pursuant to R.S. 30:2301
15 et seq.

16 (c) Drinking Water Revolving Loan Fund established pursuant to R.S.
17 40:2821 et seq.

18 (2) "Commission" means the State Bond Commission.

19 (3) "Certifying department" means a state department or agency with
20 authority to administer and approve an eligible infrastructure project in accordance
21 with laws and regulations governing the respective approved infrastructure program.

22 The State Bond Commission shall be the certifying department for projects that have
23 an anticipated useful life of less than twenty years and a value or cost of less than
24 fifty thousand dollars.

25 (4) "Department" means the Department of the Treasury.

26 (5) "Eligible infrastructure project" or "project" means a plan or proposal
27 approved by the respective certifying department, which would require or use a local
28 match or other required local contribution, or require funding for eligible

1 infrastructure project costs that can be provided by the commission. "Eligible
2 infrastructure project" includes an emergency request.

3 (6) "Emergency request" means a project request submitted by a local
4 government to a certifying department between legislative sessions that is essential
5 to alleviate conditions that are hazardous to life, health, or property. "Emergency
6 request" includes but is not be limited to funding for a project that has an anticipated
7 useful life of less than twenty years and a value or cost of less than fifty thousand
8 dollars and that would not otherwise qualify for funding in an approved
9 infrastructure program.

10 (7) "Loan" means the loan from the commission to the local government
11 evidenced by a bond, note, or other evidence as provided in this Chapter.

12 (8) "Local" or "local government" means a political subdivision as defined
13 in Article VI, Section 44 of the Constitution of Louisiana.

14 (9) "Revolving loan fund" means a fund established in law to be used to
15 make loans through the commission.

16 §462.3. Louisiana Infrastructure Revolving Loan Program Fund

17 A. There is hereby established a revolving fund in the state treasury to be
18 known as the "Louisiana Infrastructure Revolving Loan Program Fund", hereinafter
19 referred to as the "fund", which shall be maintained and operated by the department.
20 The source of monies deposited in and credited to the fund shall be all grants, gifts,
21 and donations received by the state for the purpose of funding the fund; any money
22 appropriated by the legislature to the fund; the repayment of principal of and interest
23 on loans and other obligations made to political subdivisions financed from the fund;
24 administrative fees; and other revenues as may be provided by law.

25 B. Money in the fund shall be invested by the state treasurer in the same
26 manner as money in the state general fund. Interest earned on the investment of the
27 money in the fund shall be credited to the fund after compliance with the
28 requirements of Article VII, Section 9(B) of the Constitution of Louisiana relative

1 to the Bond Security and Redemption Fund. All unexpended and unencumbered
2 money in the fund at the end of a fiscal year shall remain in the fund.

3 C. The repayment of principal of and interest on loans and other obligations
4 made to political subdivisions financed from the fund shall be deposited into the fund
5 and may be used to finance loans and obligations to other political subdivisions if
6 reserves for expenditures for the administration of the fund that the department
7 deems necessary and prudent are retained in the fund.

8 D. The department may, by suit, action, mandamus, or other proceedings,
9 protect and enforce any covenant relating to and the security provided in connection
10 with any indebtedness issued pursuant to this Chapter, and may, by suit, action,
11 mandamus, or other proceedings enforce and compel performance of all of the duties
12 required to be performed by the governing body and officials of any borrower
13 hereunder and in any proceedings authorizing the issuance of bonds or other
14 evidences of such indebtedness.

15 E. The department shall promulgate rules and regulations in accordance with
16 the Administrative Procedure Act, as are necessary, for the following:

17 (1) To adopt a schedule of reasonable fees and charges to pay for the costs
18 of administering the fund.

19 (2) To respond to emergency requests and to consider loan applications for
20 eligible infrastructure projects that have an anticipated useful life of less than twenty
21 years and a value or cost of less than fifty thousand dollars.

22 (3) To implement the provisions of this Chapter.

23 F. The department may enter into contracts and other agreements in
24 connection with the operation of the fund.

25 §462.4. Revolving loan fund; loans for eligible infrastructure projects; authorizing
26 and issuing debt; security; interest rates; tax exemption

27 A.(1) Notwithstanding any provision of law to the contrary, and in addition
28 to the authority to lend or borrow money or incur or guarantee indebtedness provided
29 by any other provision of law, sums on deposit in and credited to the fund may be

1 loaned from the revolving loan fund to local governments for use in connection with
2 eligible infrastructure projects. However, this Section shall not be deemed to be the
3 exclusive authority under which a local government may borrow money or incur
4 indebtedness.

5 (2) Local governments may enter into loans from the revolving loan fund in
6 accordance with this Section, but no loan shall be made nor debt evidencing the loan
7 be issued or incurred without the approval of the commission.

8 B. All bonds, notes, or other evidences of indebtedness of any local
9 government issued to represent a loan shall be authorized and issued pursuant to a
10 resolution or ordinance of the governing authority of that entity, hereinafter referred
11 to collectively as "resolution". The resolution shall prescribe the form and details
12 thereof, including the terms, security for, manner of execution, repayment schedule,
13 and redemption features thereof, and the resolution may provide that an officer of
14 that entity may execute in connection with the obligation any related contract,
15 including but not limited to a credit enhancement device, indenture of trust, loan
16 agreement, pledge agreement, or other agreement or contract needed to accomplish
17 the purposes for which the evidence of indebtedness is given, in substantially the
18 form referenced in the resolution, but which final executed credit enhancement
19 device, indenture of trust, loan agreement, pledge, or other contract or agreement
20 may contain changes, additions, and deletions as shall in the sole opinion of the
21 executing officer be appropriate under the circumstances. The resolution shall
22 include a statement as to the maximum principal amount of any obligation, the
23 maximum interest rate to be incurred or borne by the obligation or guaranteed by the
24 obligation, the maximum redemption premium, if any, and the maximum term in
25 years for the obligation, guarantee, or pledge.

26 C. Notwithstanding any other provision of law to the contrary, a local
27 government, upon entering into a loan as provided in this Chapter, may dedicate and
28 pledge a portion of any revenues it has available to be pledged and dedicated,
29 including but not limited to revenues from the general revenue fund, sales taxes,

1 sewer user fees, assessments, parcel fees, or ad valorem property taxes, for a
2 sufficient term to repay the principal of, interest on, and any premium, administrative
3 fee or other fee or cost incurred, in connection with the loan.

4 D. Any evidence of indebtedness authorized pursuant to this Chapter shall
5 bear a rate or rates of interest that shall not exceed the rate or rates set forth in the
6 resolution authorizing and providing for the issuance thereof. Any rate or rates of
7 interest may be fixed, variable, or adjustable rates.

8 E. The general laws of the state governing fully registered securities of
9 public entities shall be applicable to the bonds, notes, or other evidences of
10 indebtedness issued pursuant to this Chapter.

11 F. A resolution authorizing a loan pursuant to this Section shall be published
12 once in the official journal or a newspaper of general circulation in the parish or local
13 government entity incurring the loan. It shall not be necessary to publish exhibits to
14 the resolution, but the exhibits shall be made available for public inspection at the
15 offices of the governing authority of the parish, municipality, or other political
16 subdivision at reasonable times, and notice of the availability of these documents
17 shall be stated in the publication within the official journal or newspaper of general
18 circulation in the parish or local government entity incurring the loan. For a period
19 of thirty days after the date of publication, any person in interest may contest the
20 legality of the resolution authorizing the evidence of indebtedness or other loan and
21 any provision thereof made for the security and payment of the debt. After the
22 thirty-day period, no one shall have any cause or right of action to contest the
23 regularity, formality, legality, or effectiveness of the resolution and the provisions
24 thereof or of the bonds, notes, or other evidences of indebtedness or other loan, or
25 to provide for the payment of the debt, or the legality thereof, and all of the
26 provisions of the resolution and evidence of indebtedness shall be conclusively
27 presumed valid, and no court shall have authority or jurisdiction to inquire into the
28 matter.

1 G. Interest on bonds, notes, or other evidences of indebtedness issued or any
2 loan entered into under the authority of this Chapter shall be exempt from all
3 taxation. The bonds, notes, or other evidences of indebtedness or loans may be used
4 for deposit with any officer, board, municipality, or other political subdivision of the
5 state in any case where, by present or future laws, deposit of security is required for
6 state funds. Additionally, the proceeds of bonds, notes, or other evidences of
7 indebtedness or loans issued pursuant to the provisions of this Chapter may be used
8 for costs associated with the issuance of bonds, notes, or other evidences of
9 indebtedness.

10 §462.5. General power to issue and incur debt; guarantees of the debt of other
11 entities

12 A. The commission, on behalf of the state, may issue, incur, and deliver debt
13 evidenced by bonds, notes, or other evidences of indebtedness, payable from or
14 secured by sums deposited in, credited to, or to be received by the commission in
15 order to provide monies for deposit into the fund. The commission may undertake
16 and issue and deliver evidences of its guarantee of the debt of other entities and may
17 enter into and execute pledges of the sums deposited in, credited to, or to be received
18 by the commission, including payments pursuant to letters of credit, to secure the
19 debt or performance of obligations of a local government for a project. Bonds, notes,
20 or other evidences of indebtedness, guarantees, and pledges issued and delivered
21 pursuant to this authority shall constitute special and limited obligations of the
22 commission and shall not be secured by the full faith and credit of the state or any
23 source of revenue of the state other than those sums on deposit in or credited to the
24 revolving loan fund, or to be received by the commission, including payments to be
25 made pursuant to letters of credit. Debt issued pursuant to the provisions of this
26 Chapter shall be deemed to be in compliance with the provisions of Article VII,
27 Section 14 of the Constitution of Louisiana.

28 B. In no event shall any bond, note, or other evidence of indebtedness, or
29 guarantee, pledge, or other obligation of any type whatsoever entered into by the

1 commission constitute net state tax supported debt within the meaning of Article VII,
2 Section 6(F) of the Constitution of Louisiana.

3 C. Any withdrawal of monies from the revolving loan fund to pay debt
4 service on any bond, note, or other evidence of indebtedness, obligation of guarantee
5 of any debt, pledge to secure any debt, or fees and associated costs to administer a
6 loan shall not constitute and shall not be subject to appropriation by the legislature
7 as provided by Article III, Section 16 of the Constitution of Louisiana.

8 §462.6. Duties of the legislative auditor

9 The legislative auditor may review all applications for compliance with the
10 provisions of this Chapter. The state treasurer and the loan applicant shall be
11 responsible for providing the legislative auditor with all claims and necessary
12 documentation to carry out his reviews.

13 * * *

14 §1367. State debt; limitations

15 * * *

16 E. As used in this Section, the following terms shall have the following
17 meanings ascribed to them unless the context clearly indicates otherwise:

18 * * *

19 (2)

20 * * *

21 (b) "Net state tax supported debt" shall not mean:

22 * * *

23 (ix) Any bond, note, certificate, warrant, reimbursement obligation,
24 guarantee, credit enhancement, pledge, assistance, or other evidence of indebtedness
25 issued pursuant to R.S. 39:462.1 et seq.

26 Section 2. This Act shall become effective on July 1, 2022; if vetoed by the governor
27 and subsequently approved by the legislature, this Act shall become effective on July 1,
28 2022, or on the day following such approval by the legislature, whichever is later.

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)]

HB 925 Original

2022 Regular Session

Butler

Abstract: Establishes the La. Infrastructure Revolving Loan Program to provide financial assistance for eligible infrastructure projects of local governments.

Proposed law provides definitions for purposes of proposed law including those for "approved infrastructure program", "eligible infrastructure project", "certifying department", and "local government".

Proposed law defines an "emergency request" as an eligible infrastructure project request submitted by a local government to a certifying department between legislative sessions that is essential to alleviate conditions that are hazardous to life, health, or property. "Emergency request" includes funding for projects that have an anticipated useful life of less than 20 years and a value or cost of less than \$50,000 and that would not otherwise qualify for funding in an approved infrastructure program.

Proposed law designates the State Bond Commission as the certifying department for emergency requests.

Proposed law requires that before a loan or other assistance may be requested from the commission, the project shall first have been approved by the "certifying department".

Proposed law, with respect to a bond, note, or other evidence of indebtedness of a local government issued through a loan, requires the same requirements concerning interest rates and public notice as provided in present law concerning the adoption of a resolution or ordinance authorizing the issuance of indebtedness.

Proposed law authorizes a local government to pledge as security for a loan and any ancillary fees or other costs, any revenues from its general revenue fund, sales taxes, sewer user fees, assessments, parcel fees, or ad valorem property taxes.

Proposed law exempts from taxation any interest on bonds, notes, or other evidences of indebtedness issued through a loan.

Proposed law for purposes of security of debt or performance obligations of debt for projects, authorizes the commission to issue and deliver evidences of its guarantee of the debt of other entities, and to execute pledges of the monies on deposit in the commission, including payments pursuant to letters of credit. All evidences of indebtedness, guarantees, and pledges delivered pursuant to this authority shall constitute limited obligations of the commission and shall not be secured by the full faith and credit of the state.

Proposed law provides that the withdrawal of monies from the revolving loan fund to pay debt service on any bond, note, or other evidence of indebtedness, obligation of guarantee of any debt, or pledge to secure any debt, or fees and associated costs to administer a loan shall not constitute or be subject to appropriation by the legislature.

Proposed law authorizes the legislative auditor to review all applications for compliance with the provisions of proposed law.

Present law provides for the definition of "net state tax supported debt" and includes those issuances excluded from the definition.

Proposed law retains present law and adds as an exclusion, any bond, note, certificate, warrant, reimbursement obligation, or other evidence of indebtedness issued pursuant to proposed law.

Effective July 1, 2022.

(Adds R.S. 39:462.1-462.6 and 1367(E)(2)(b)(ix))