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The original instrument was prepared by Brandi Cannon. The following digest, which does not constitute a part of the legislative instrument, was prepared by Jacob Wilson.

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SB 122 Engrossed

DIGEST  
2023 Regular Session

Fred Mills

Proposed law creates the "Community Sewerage System Infrastructure Sustainability Act" and provides for legislative intent to develop a community sewerage system accountability process which supports sewerage system infrastructure sustainability for the citizens of Louisiana.

Proposed law defines "community sewerage system" as any treatment works, whether publically or privately owned, which serves multiple connections and consists of a collection or pumping and transport system or a treatment facility. For the purposes of proposed law, "community sewerage system" includes any local governing authority which operates a community sewerage system.

Proposed law provides that a community sewerage system shall submit a status verification from the Department of Environmental Quality (DEQ), a status verification from the La. Department of Health (LDH), and a sewer fiscal status verification from the legislative auditor if the community sewerage system does any of the following:

- (1) Seeks approval from the State Bond Commission to incur any additional debt not directly related to the improvement and sustainability of the community sewerage system or a related community water system.
- (2) Receives from the division of administration, office of facility planning and control a notification of a capital outlay appropriation.
- (3) Seeks approval for a rate adjustment from the appropriate rate setting authority not directly related to the improvement and sustainability of the community sewerage system or a related community water system.

Proposed law provides that the application and verification requirements provided for in proposed law do not apply to any application to the State Bond Commission seeking approval for the following:

- (1) Cash flow loans.
- (2) Dedicated tax or bond revenue streams.
- (3) Emergency financing as determined by the State Bond Commission.
- (4) Refinancing of existing debt.

Proposed law provides that, after consideration of the compliance and fiscal status verifications, the State Bond Commission, the division of administration, and the rate setting authority may deny the request of the community sewerage system.

Proposed law provides that the community sewerage system shall not be precluded from obtaining funding, participating in the capital outlay program, or obtaining approval for a rate increase for the purpose of improvement and sustainability of the community sewerage system or a related community water system based upon the compliance and fiscal status verifications provided in accordance with proposed law.

Proposed law provides that not later than ten days after receipt of a request from a community sewerage system, DEQ and LDH shall each review its own records and provide a compliance status verification, with a clear statement of compliance status, based upon criteria determined by that department.

Proposed law provides that not later than ten days after receipt of a request from a community sewerage system, the legislative auditor shall review its records and provide a fiscal status verification, with a clear statement of the system's level of financial sustainability, based upon criteria determined by the auditor.

Proposed law provides that a compliance status verification provided by DEQ or LDH shall be on an official certification form or on department letterhead and signed by a qualified department staff member. Proposed law further provides that a fiscal status verification provided by the legislative auditor shall be on official letterhead and signed by a qualified member of the auditor's staff.

Proposed law prohibits a local governing authority that operates a community sewerage system from expending any money raised through customer payments or from any other sewerage system revenue for any item, debt payment, or public purpose other than the improvement and sustainability of the community sewerage system. Proposed law shall not be construed to prohibit the payment of bonded indebtedness secured by the sewerage system's revenue incurred prior to the effective date of proposed law.

Proposed law provides that any community sewerage system indicated as not in compliance or not financially sustainable may be subject to receivership in accordance with present law.

Proposed law provides for rulemaking by DEQ and LDH.

Effective January 1, 2024.

(Adds R.S. 30:2075.4)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Environmental Quality to the original bill

1. Changes the term "report" to "status verification" throughout.
2. Provides exceptions to application requirements for cash flow loans, dedicated tax or bond revenue streams, emergency financing, and refinancing of existing debt.
3. Provides for the application procedure for community sewerage systems seeking funding through the capital outlay program.
4. Removes the requirement to submit a plan of correction when applying for a rate change.
5. Requires DEQ and LDH to respond to a community sewerage system's request for records and status verification within 10 calendar days.
6. Provides that a status verification provided by DEQ or LDH must include a clear statement of the system's compliance status.
7. Requires the legislative auditor to provide a fiscal status verification to the community sewerage system within 10 calendar days, and that the verification must clearly state the system's level of financial sustainability.
8. Provides that DEQ and LDH status verifications must either be on an official certification form or on department letterhead and signed by a qualified department official.