

2026 Regular Session

HOUSE BILL NO. 1200

BY REPRESENTATIVE BUTLER

CAPITAL OUTLAY: Provides for the Louisiana Rural Infrastructure Revolving Loan Program

1 AN ACT

2 To amend and reenact R.S. 39:462.1(A)(3) and (B), 462.2, 462.3, 462.4(A) through (F), and  
3 462.5(A) and to enact R.S. 39:462.1(A)(4), relative to funding and financing certain  
4 capital projects; to provide for the Louisiana Rural Infrastructure Revolving Loan  
5 Program; to provide for definitions; to provide for the administration, investment,  
6 and disposition of certain monies; to provide for eligibility criteria; to provide for  
7 requirements and limitations; to authorize loans for certain eligible infrastructure  
8 projects; to provide for the use and investment of monies in the Louisiana Rural  
9 Infrastructure Revolving Loan Program Fund; to provide for the implementation of  
10 the program; to authorize the establishment of advisory committees; to provide for  
11 the establishment and maintenance of accounts in the fund; to provide with respect  
12 to the issuance of bonds and other evidences of indebtedness; to provide for an  
13 effective date; and to provide for related matters.

14 Be it enacted by the Legislature of Louisiana:

15 Section 1. R.S. 39:462.1(A)(3) and (B), 462.2, 462.3, 462.4(A) through (F), and  
16 462.5(A) are hereby amended and reenacted and R.S. 39:462.1(A)(4) is hereby enacted to  
17 read as follows:

18 §462.1. Louisiana Rural Infrastructure Revolving Loan Program; purposes

19 A. The legislature finds that:

20 \* \* \*

1           (3) There is a critical need to increase investment in the development and  
2           maintenance of Louisiana’s physical infrastructure, including facilities related to  
3           water, energy, and hazard mitigation in order to grow the economy and sustain the  
4           state’s vital infrastructure.

5           ~~(3)~~(4) The most effective way of accomplishing the goal of providing for  
6           local infrastructure project financing ~~and for preservation of~~ while preserving the  
7           state fisc and protecting taxpayers over the long term is to establish a low-interest-  
8           rate revolving loan fund to be available for local infrastructure projects and  
9           reinvesting repayments into future infrastructure projects as to provide an alternative  
10          means to fund appropriate local infrastructure projects that would otherwise compete  
11          with scarce state funding for state projects.

12           B. To continue to provide required funding for the planning, design,  
13          construction, and maintenance connected with needed infrastructure projects, it is the  
14          purpose of this Chapter to provide for the establishment and administration of a  
15          program to make loans from a revolving loan fund to assist ~~eligible local~~  
16          governments in funding eligible infrastructure projects and enter into cooperative  
17          endeavor agreements and interstate compacts as may be necessary and proper to  
18          fulfill the purposes of this Chapter.

19          §462.2. Louisiana Rural Infrastructure Revolving Loan Program; definitions

20           The following terms as used in this Chapter shall have the following  
21          meanings:

22           (1) ~~"Approved infrastructure program" means a program through which an~~  
23          ~~eligible infrastructure project may be funded including but not limited to the~~  
24          ~~following programs:~~

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

28           ~~(b) Clean Water State Revolving Fund established pursuant to R.S. 30:2301~~  
29          ~~et seq.~~

1           ~~(c) Drinking Water Revolving Loan Fund established pursuant to R.S.~~  
2           ~~40:2821 et seq.~~

3           (2) "Certifying department" means a state department or agency with  
4 authority to ~~administer and~~ permit or approve an eligible infrastructure project in  
5 accordance with laws and regulations governing the respective ~~approved~~  
6 ~~infrastructure program~~ eligible infrastructure program. The State Bond Commission  
7 ~~is~~ shall be the certifying department for emergency requests.

8           ~~(3)~~(2) "Commission" means the State Bond Commission.

9           ~~(4)~~(3) "Department" means the Department of the Treasury.

10           ~~(5)~~(4) "Eligible infrastructure project" or "project" means ~~a plan or proposal~~  
11 ~~approved by the respective certifying department which would require or use a local~~  
12 ~~match or other required local contribution or require funding for eligible~~  
13 ~~infrastructure project costs that can be provided by the commission.~~ "Eligible  
14 ~~infrastructure project" includes an emergency request~~ activities undertaken to plan,  
15 design, construct, repair, maintain, or improve any of the following facilities or  
16 infrastructure located within a local governmental subdivision with a population of  
17 less than fifteen thousand according to the latest federal decennial census for the  
18 benefit of the public, and which has been recommended, permitted, or approved by  
19 the applicable certifying department:

20           (a) Projects involving facilities or infrastructure for the treatment or  
21 distribution of drinking water, the treatment of wastewater, drainage, levees, flood  
22 mitigation, and coastal protection.

23           (b) Projects involving facilities or infrastructure relating to energy  
24 production, transmission, or distribution, including projects for grid modernization  
25 and resilience.

26           (c) Projects intended to mitigate hazards to existing facilities or  
27 infrastructure, or for the safety, health, and welfare of the people of Louisiana,  
28 including projects intended to reduce or eliminate damage caused by natural  
29 disasters, improve or facilitate recovery, or protect critical services.

1            (d) Other public infrastructure projects authorized by law, including projects  
2            intended to enhance economic development, public safety, or quality of life.

3            (e) Emergency requests, as defined in this Section.

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

11           ~~(7)(6)~~ "Loan" means the ~~loan from the commission to the local government~~  
12           provision of funding to a qualified borrower for all or part of the costs of an eligible  
13           infrastructure project in exchange for corresponding obligations, including  
14           repayment, owed by the qualified borrower to the bank, evidenced by a bond, note,  
15           or other evidence of indebtedness as provided in this Chapter. ~~The maximum~~  
16           ~~amount of a loan that may be funded through the revolving loan fund is one million~~  
17           ~~five hundred thousand dollars.~~

18           ~~(8)(7)~~ "Local governmental subdivision" for purposes of this Chapter means  
19           a local governmental subdivision as defined in Article VI, Section 44 of the  
20           Constitution of Louisiana.

21           (8) "Office" means the office of rural development within the Office of the  
22           Governor.

23           (9) "Local" or "local government" "Political subdivision" for purposes of this  
24           Chapter means a political subdivision as defined in Article VI, Section 44 of the  
25           Constitution of Louisiana ~~which has a population of less than fifteen thousand~~  
26           ~~according to the latest federal decennial census. A local government shall be limited~~  
27           ~~to one loan from the revolving loan fund until the loan is paid in full.~~

28           (10) "Qualified borrower" means any of the following:

1           (a) A political subdivision authorized to undertake construct, operate, or own  
2           an eligible infrastructure project.

3           (b) Any private entity, including a concessionaire or special purpose entity,  
4           participating in an eligible infrastructure project with the approval or consent of the  
5           relevant regulatory or technical agencies, including but not limited to participants in  
6           a public-private partnership, to the extent permitted by applicable law, provided that  
7           the board determines that the assistance is adequately secured pursuant to R.S. 48:88.

8           ~~(9)~~(11) "Revolving loan fund" means the Louisiana Rural Infrastructure  
9           Revolving Loan Program Fund established in R.S. 39:462.3.

10          §462.3. Louisiana Rural Infrastructure Revolving Loan Program Fund

11           A. There is hereby established a revolving loan fund in the state treasury to  
12           be known as the "Louisiana Rural Infrastructure Revolving Loan Program Fund",  
13           hereinafter referred to in this Chapter as the "fund", which shall be maintained and  
14           operated by the ~~department~~ office. The source of monies deposited in and credited  
15           to the fund shall be all grants, gifts, and donations received by the state for the  
16           purpose of ~~funding~~ capitalizing the fund; any money appropriated by the legislature  
17           to the fund; ~~the repayment~~ repayments of principal of and interest on loans and other  
18           obligations made to ~~local governments~~ qualified borrowers financed from the fund;  
19           administrative fees; and other revenues as may be provided by law.

20           B. Money in the fund shall be invested by the state treasurer in the same  
21           manner as money in the state general fund. Interest earned on the investment of the  
22           money in the fund shall be credited to the fund after compliance with the  
23           requirements of Article VII, Section 9(B) of the Constitution of Louisiana relative  
24           to the Bond Security and Redemption Fund. All unexpended and unencumbered  
25           money in the fund at the end of a fiscal year shall remain in the fund.

26           C. The repayment of principal of and interest on loans and other obligations  
27           made to ~~local governments~~ qualified borrowers financed from the fund shall be  
28           deposited into the fund and may be used to finance loans and obligations for projects  
29           of ~~other local governments~~ qualified borrowers if reserves for expenditures for the

1 administration of the fund that the ~~department~~ office deems necessary and prudent  
2 are retained in the fund.

3 D. The ~~department~~ office may, by suit, action, mandamus, or other  
4 proceedings, protect and enforce any covenant relating to and the security provided  
5 in connection with any indebtedness issued pursuant to this Chapter and may, by  
6 suit, action, mandamus, or other proceedings, enforce and compel performance of  
7 all duties required to be performed by ~~the governing body and officials~~ of any  
8 qualified borrower and in any proceedings authorizing the issuance of bonds or other  
9 evidences of indebtedness.

10 E. The ~~department~~ office shall promulgate rules and regulations in  
11 accordance with the Administrative Procedure Act, as are necessary, for the  
12 following:

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

15 (2) To respond to emergency requests and to consider loan applications for  
16 eligible emergency projects, ~~that have~~ including projects with an anticipated useful  
17 life of less than twenty years and a value or cost of less than fifty thousand dollars.

18 (3) Establish program rules and underwriting standards pursuant to the  
19 Administrative Procedure Act, including risk management policies, portfolio  
20 concentration limits, and procedures for default and remedies. The procedures may  
21 also include stress testing requirements and loss-reserve requirements consistent with  
22 those applicable to commercial banks.

23 ~~(3)~~(4) To implement the provisions of this Chapter.

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

26 G. The office may establish advisory committees, including a technical  
27 review committee comprised of representatives from the Department of  
28 Environmental Quality, the Department of Conservation and Energy, the Department  
29 of Treasury, and Louisiana Economic Development, to provide recommendations on

1 project eligibility, readiness for advancement, potential economic development  
2 benefits, and environmental compliance.

3 H. The office shall establish and maintain accounts in the fund sufficient to  
4 do all of the following:

5 (1) Segregate funds by program requirements and prohibit commingling.

6 (2) Segregate state and local funds by infrastructure sector as necessary to  
7 meet statutory, bond, or program conditions.

8 (3) Establish reserve accounts, debt service accounts, credit risk accounts,  
9 and other accounts as needed for prudent financial management and leveraging.

10 §462.4. Revolving loan fund; eligibility requirements; loans for eligible  
11 infrastructure projects; authorizing and issuing debt; security; interest rates;  
12 tax exemption

13 A.(1) Notwithstanding any provision of law to the contrary, and in addition  
14 to the authority to lend or borrow money or incur or guarantee indebtedness provided  
15 by any other provision of law, sums on deposit in and credited to the fund may be  
16 loaned to local governments for use in connection with eligible infrastructure  
17 projects. ~~However, this Section shall not be deemed to be the exclusive authority~~  
18 ~~under which a local government may borrow money or incur indebtedness. The~~  
19 ~~granting of a loan to any political subdivision pursuant to the provisions of this~~  
20 ~~Chapter shall be subject to approval by the commission.~~

21 (2) In order for a ~~local government~~ political subdivision to be eligible for a  
22 loan pursuant to the provisions of this Chapter, the local government shall comply  
23 with all of the following:

24 (a) The ~~local government~~ political subdivision shall demonstrate that it has  
25 financial resources and a financial strategy for the duration of the lifecycle of the  
26 project to ensure that the project is sufficiently funded, maintained, and replaced as  
27 needed.

28 (b) The ~~local government~~ political subdivision shall be in good standing and  
29 comply with the audit requirements provided for in R.S. 24:513 at the time that the

1       ~~local government~~ political subdivision applies for and receives the loan as well as  
2       during the duration of the term of the loan.

3               (3) ~~A local government is limited to one loan from the revolving loan fund;~~  
4       ~~however, once all of the principal, interest, and any other fees and obligations due~~  
5       ~~under the loan agreement are paid in full, the local government may apply for a new~~  
6       ~~loan from the revolving loan fund. If the monies in the fund are sufficient to satisfy~~  
7       ~~the demand for loans to qualified borrowers, preference shall be given to qualified~~  
8       ~~borrowers who have no outstanding loans from the program.~~

9               (4) No loan shall be made nor debt evidencing the loan be issued or incurred  
10       without the approval of the commission.

11              B. All bonds, notes, or other evidences of indebtedness of any ~~local~~  
12       ~~government~~ qualified borrower issued ~~to represent~~ in connection with a loan shall be  
13       ~~authorized and issued pursuant to~~ include evidence of the qualified borrower's  
14       ~~authority to enter into the transaction as follows:~~

15              (1) For political subdivisions, a resolution or ordinance of the governing  
16       authority of that entity, ~~hereinafter referred to collectively as "resolution".~~ The  
17       ~~resolution shall prescribe~~ prescribing the form and details thereof, including the  
18       terms, security for, manner of execution, repayment schedule, and redemption  
19       features ~~thereof, and the~~ of the indebtedness. The resolution may provide that an  
20       officer of the entity may execute ~~in connection with the obligation~~ any related  
21       contract, including but not limited to a credit enhancement device, indenture of trust,  
22       loan agreement, pledge agreement, or other agreement or contract needed to  
23       accomplish the purposes for which the evidence of indebtedness is given, ~~in~~  
24       ~~substantially the form referenced in the resolution, but which final executed credit~~  
25       ~~enhancement device, indenture of trust, loan agreement, pledge agreement, or other~~  
26       ~~contract or agreement may contain changes, additions, and deletions as shall in the~~  
27       ~~sole opinion of the executing officer be appropriate under the circumstances.~~ The  
28       resolution shall include a statement as to the maximum principal amount of any  
29       obligation; the maximum interest rate to be incurred or borne by the obligation or

1 guaranteed by the obligation; the maximum redemption premium, if any; and the  
2 maximum term in years for the obligation, guarantee, or pledge.

3 (2) For private entities, evidence of authorization to enter into a binding  
4 commitment for repayment accompanied by evidence of the recommendation,  
5 permitting, or approval of the project by a certifying department. Written evidence  
6 of authority of the person binding the private entity shall be provided.

7 C. Notwithstanding any other provision of law to the contrary, a ~~local~~  
8 government political subdivision, upon entering into a loan as provided in this  
9 Chapter, may dedicate and pledge a portion of any revenues it has available to be  
10 pledged and dedicated, including but not limited to revenues from the general  
11 revenue fund, sales taxes, sewer user fees, assessments, parcel fees, or ad valorem  
12 property taxes, for a sufficient term to repay the principal of, interest on, and any  
13 premium, administrative fee, or other fee or cost incurred in connection with the  
14 loan.

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

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

22 F. A resolution of a political subdivision authorizing a loan pursuant to this  
23 Section shall be published once in the political subdivision's official journal or in a  
24 newspaper of general circulation ~~in the parish or local government entity incurring~~  
25 ~~the loan~~ within the boundaries of the local governmental subdivision where the  
26 project is located. It shall not be necessary to publish exhibits to the resolution, but  
27 the exhibits shall be made available for public inspection at the offices of the  
28 ~~governing authority of the parish, municipality, or other~~ political subdivision at  
29 reasonable times, and notice of the availability of these documents shall be stated in

1 the publication ~~within the official journal or newspaper of general circulation in the~~  
2 ~~parish or local government entity incurring~~ of the resolution authorizing the loan.  
3 For a period of thirty days after the date of publication, any person in interest may  
4 contest the legality of the resolution authorizing the ~~evidence of indebtedness or~~  
5 ~~other~~ loan and any provision thereof made for the security and payment of the debt.  
6 After the thirty-day period, no one shall have any cause or right of action to contest  
7 the regularity, formality, legality, or effectiveness of the resolution ~~and~~ or the  
8 provisions thereof, ~~or of the bonds, notes, or other evidences of indebtedness or other~~  
9 ~~loan, or to provide for the payment of the debt, or the legality thereof, and all of the~~  
10 ~~provisions of the resolution and evidence of indebtedness shall be conclusively~~  
11 ~~presumed valid, and no court shall have authority or jurisdiction to inquire into the~~  
12 ~~matter~~ securing the loan.

\* \* \*

14 §462.5. General power to issue and incur debt; guarantees of the debt of other  
15 entities

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



benefit of the public, and which has been recommended, permitted, or approved by the applicable certifying department:

- (1) Projects involving facilities or infrastructure for the treatment of distribution of drinking water, the treatment of wastewater, drainage, levees, flood mitigation, and coastal protection.
- (2) Projects involving facilities or infrastructure relating to energy production, transmission, or distribution, including projects for grid modernization and resilience.
- (3) Projects intended to mitigate hazards to existing facilities or infrastructure, or for the safety, health, and welfare of the people of this state including projects to reduce or eliminate damage caused by natural disasters, improve or facilitate recovery, or protect critical services.
- (4) Other public infrastructure projects including those intended to enhance economic development, public safety, or quality of life.
- (5) Emergency requests.

Present law defines an "emergency request" as a project request submitted by a local government between legislative sessions that is essential to alleviate conditions that are hazardous to life, health, or property. "Emergency request" includes funding for a project that has 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 changes this definition to include projects recommended, permitted, or approved by a certifying department and removes the limitation that the project would not otherwise qualify for funding in an approved infrastructure program.

Proposed law defines a "qualified borrower" as a political subdivision authorized to undertake construct, operate, or own an eligible infrastructure project or a private entity participating in an eligible infrastructure project with the approval or consent of the relevant regulatory or technical agencies, including a public-private partnership.

Present law requires the promulgation of rules regarding a schedule of reasonable fees and charges to pay for the costs of administering the fund and a process to respond to requests and to consider loan applications for eligible emergency projects.

Proposed law retains present law but changes the entity promulgating the rules from the Dept. of the Treasury to the office and adds authorization to promulgate rules to establish program rules and underwriting standards, including risk management policies, portfolio concentration limits, and procedures for default and remedies. The procedures may also include stress testing requirements and loss-reserve requirements consistent with those applicable to commercial banks.

Proposed law authorizes the office to establish advisory committees, including a technical review committee comprised of representatives from the Dept. of Environmental Quality, Dept. of Conservation and Energy, Dept. of Treasury, and La. Economic Development, to provide recommendations on project eligibility, readiness for advancement, potential economic development benefits, and environmental compliance.

Proposed law requires the office to establish and maintain accounts in the fund sufficient to segregate funds by program requirements and prohibits commingling of monies, segregate state and local funds by infrastructure sector as necessary to meet statutory, bond, or

program conditions, and to establish reserve accounts, debt service accounts, credit risk accounts, and other accounts as needed for prudent financial management and leveraging.

Present law requires all bonds, notes, or other evidences of indebtedness to be authorized and issued in accordance with specific requirements.

Proposed law retains present law but requires qualified borrowers to include evidence of the borrower's authority to enter into the transaction. Further provides that for a political subdivision, that evidence includes a resolution or ordinance of the governing authority and for private entities, that evidence includes authorization to enter into a binding commitment for repayment accompanied by evidence of the recommendation, permitting, or approval of the project by a certifying department.

Present law provides for the process for publication of notice for the issuance of bonds which includes publication once in the official journal or a newspaper of general circulation in the parish or local government entity incurring the loan.

Proposed law retains present law but changes the location of the publication of the notice from the official journal or newspaper of general circulation in the parish or local government entity incurring the loan to the official journal or newspaper of general circulation within the boundaries of the local governmental subdivision where the project is located.

Effective July 1, 2026.

(Amends R.S. 39:462.1(A)(3) and (B), 462.2, 462.3, 462.4(A)-(F), and 462.5(A); Adds R.S. 39:462.1(A)(4))