

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 73** SLS 24RS 345

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action: **w/ HSE FLOOR AMD**

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 15, 2024	2:38 PM	<b>Author:</b> WOMACK
<b>Dept./Agy.:</b> State Bond Commission/Environmental Quality/Health		<b>Analyst:</b> Kimberly Fruge
<b>Subject:</b> Community Sewerage System Infrastructure Sustainability		

WATER QUALITY

REF SEE FISC NOTE GF EX

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Creates and provides for the Community Sewerage System Infrastructure Sustainability Act. (1/1/25)

Proposed law creates a community sewerage system infrastructure accountability process whereas any community sewerage system that seeks approval to 1) incur additional debt through the State Bond Commission, 2) submit a project for capital outlay, or 3) seek approval for a rate adjustment, that is not directly related to the improvement and sustainability of the the system must submit a compliance verification status from the Louisiana Department of Environmental Quality (DEQ) and the Louisiana Department of Health (LDH) and a fiscal status verification from the Louisiana Legislative Auditor (LLA) with their application. State Bond Commission (SBC), the Division of the Administration (DOA), and any rate setting authority must take into consideration whether these entities are compliant/fiscally sustainable before making a decision. Proposed law provides for civil and criminal action if a system is not compliant or financially sustainable. Proposed law provides that if state funds are required to address or mitigate an emergency related to that community sewerage system, the system may be subject to receivership or the appointment of a fiscal administrator.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	

**Annual Total**

REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0

**Annual Total**

**EXPENDITURE EXPLANATION**

Proposed law may result in an increase in government expenditures for the Louisiana Department of Environmental Quality (DEQ) to produce compliance reports. DEQ currently does not produce compliance reports of community sewerage systems and is unable to determine at this time how much of the process can be automated. DEQ indicates they would likely be able to handle the increased workload with a WAE. The State Bond Commission, the Division of Administration, the Louisiana Legislative Auditor, and the Public Service Commission report that they expect the increased workload associated with proposed law to be minimal and should be able to absorb the increase with existing resources. To the extent the workload associated with this legislation is greater than anticipated by the State Bond Commission and DEQ, they may require an additional staff member to process and analyze reports. Louisiana Department of Health (LDH) indicates compliance reports are available within the Enforcement Unit and can be sent to the appropriate entity at no additional costs.

Proposed law may lead to an increase in local fund expenditures to bring community sewerage system infrastructure into compliance. If state funds are required to address an emergency related to a community sewerage system, the system may be subject to receivership or fiscal administration. Current law provides that any costs incurred by the fiscal administrator are to be paid by the system, but the magnitude of such costs are indeterminable at this time. The likelihood or frequency of any system being placed under receivership or fiscal administration due to proposed law is unknown.

**REVENUE EXPLANATION**

The net impact on revenue as a result of proposed law is indeterminable. Proposed law may result in a decrease in fee revenue collected by the State Bond Commission (SBC). To the extent proposed law reduces the issuance of debt due to compliance issues, SBC will not be able to collect closing fees for these projects. The total fee paid to SBC is based on a percentage of the issuance of debt, with the percentage decreasing on a sliding scale as the size of the debt issuance increases. The potential loss in revenue is indeterminable at this time.

Proposed law may result in an indeterminable, but minimal, increase in fees collected by rate setting authorities. According to the Public Service Commission (PSC), if proposed legislation influences sewerage systems to increase their rates to become compliant, then the fee paid to PSC will increase. The potential increase in revenue is indeterminable at this time but is likely to be negligible.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

**Patrice Thomas**  
**Deputy Fiscal Officer**