

## RÉSUMÉ DIGEST

ACT 497 (SB 64)

2024 Regular Session

Reese

### WATER SECTOR FUND

Existing law (R.S. 39:100.52) creates the Water Sector Fund ("fund") within the state treasury and provides for the deposit, investment, and use of monies within the fund. Further authorizes the state treasurer to transfer \$300,000,000 from the La. Rescue Plan Fund into the fund.

New law removes the outdated reference to a previous transfer of funds and otherwise retains existing law.

New law establishes the Phase II Subfund and the Emergency Subfund within the fund and provides for the deposit, investment, and use of monies within these subfunds. Requires prior approval of both the Water Sector Commission ("commission") and the Joint Legislative Committee on the Budget ("JLCB") for use of Phase II Subfund monies. Requires commission approval of expenditure of Emergency Subfund monies, unless such award exceeds \$200,000, in which event JLCB approval is also required.

### WATER SECTOR PROGRAM

Existing law (R.S. 39:100.56) creates the Water Sector Program and the commission to provide grant funding for repairs, improvements, and consolidation of community water and sewer systems.

New law retains existing law.

Existing law requires the division of administration ("division") to promulgate guidance for the administration of the program that includes application requirements, application period dates and deadlines for submissions and approval, criteria for ratings, and a process for ensuring funding for small water and sewer systems and prioritizing critical infrastructure needs.

New law further requires the program guidance to include grant requirements, rate study requirements, and procedures for the consideration of extension requests and adjustments to grant awards and otherwise retains existing law.

New law requires that a rate study be completed on each grant recipient as provided for in the guidance.

New law prohibits the commission from considering a request to adjust a grant award due to an increase in project costs until the grantee has submitted a value engineering review of the project to the division.

New law requires that any monies deposited into the Phase II Subfund on or after July 1, 2024, be used only to provide grant funding for repairs, improvements, and consolidation of community water and sewer systems awarded pursuant to new law.

New law requires any monies deposited into the Emergency Subfund be used only to provide emergency grant funding to address or mitigate an emergency related to a community water system (as defined in existing law (R.S. 40:5.8)) or community sewer system (as defined in existing law (state Sanitary Code)), if such system is under a court-appointed receivership in accordance with existing law (R.S. 30:2075.3, R.S. 33:42, or R.S. 40:5.9) or under appointment of a fiscal administrator in accordance with existing law (R.S. 39:1351 et seq.).

New law requires the commission to hold a meeting no later than Sept. 1, 2024, to submit priorities to the division to utilize in the development of guidance for emergency grants and any new grants issued pursuant to the Water Sector Program on or after July 1, 2024. Requires the division to promulgate guidance for the administration of any new grants awarded after July 1, 2024.

New law requires the guidance to include application requirements, deadlines for application submissions and approval, criteria for ratings, a process for prioritizing critical infrastructure

needs, and procedures for requests and approvals of funding for emergencies and receivership expenses.

New law requires the division to submit the proposed guidance to the commission for review and approval no later than Oct. 1, 2024. Further requires any changes to the guidance to be approved by the commission.

New law requires the division to submit a proposal outlining administrative costs for the program awards made pursuant to new law to the commission for review and approval at the same time the guidance is submitted to the commission for approval. Requires the commission to review the proposed administrative costs and make a recommendation to JLCB for funding such costs. Requires JLCB approval of such costs.

New law authorizes the division to enter into consulting services, professional services, and information and technology services contracts for the purpose of procuring any goods or services necessary to implement and expedite the distribution of funds as emergency procurements exempt from the provisions of the La. Procurement Code and corresponding rules and regulations. The cost of such contracts shall be considered an administrative cost and require approval of JLCB.

New law requires each grant recipient to provide matching funds unless the commission recommends reducing or waiving the match requirement. Further requires a rate study to be completed on each grant recipient, as provided in the guidance promulgated pursuant to new law.

New law requires the division to begin accepting applications for available funds, including those appropriated by the legislature, no later than 30 days after the commission's approval of the guidance. Requires each application to include the following, at a minimum:

- (1) The amount of grant funding requested.
- (2) The amount and proposed source of funding for the applicant's proposed matching funds.
- (3) The applicant's proposal for use of grant monies for repairs, improvements, or consolidation with neighboring systems.
- (4) An assurance the applicant will comply with the rate determination of the rate study completed pursuant to new law.

New law requires the division to submit ratings of the proposed projects by the working panel and recommendations for funding for the projects to the commission within 45 days of the end of the application period.

New law requires the commission to review the ratings and recommendations submitted by the working panel. Requires the commission to submit its recommendations for grant awards from the Phase II Subfund to JLCB. Requires JLCB to review the recommendations submitted by the commission and have final approval of funding for projects. Prohibits expenditure of monies from the Phase II Subfund without approval of JLCB.

New law requires the division to submit a quarterly status update, including a construction progress report, for projects that received funding approval to the commission and JLCB.

New law requires each grant recipient that receives funding to comply with audit provisions of existing law.

Effective June 10, 2024.

(Amends R.S. 39:100.52(A) and (C) and 100.56(D)(1) and (G); adds R.S. 39:100.52(E) and (F) and 100.56(K)(2)(c) and (O))