

## RÉSUMÉ DIGEST

ACT 144 (SB 73)

2024 Regular Session

Womack

New 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.

New 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 new law, "community sewerage system" includes any local governing authority which operates a community sewerage system.

New law requires a community sewerage system submit a status verification from the Dept. of Environmental Quality (DEQ), a status verification from the La. Dept. 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.

New law provides that the application and verification requirements provided for in new law do not apply to any application to the State Bond Commission seeking approval for cash flow loans, dedicated tax or bond revenue streams, emergency financing as determined by the State Bond Commission, and refinancing of existing debt.

New law authorizes the State Bond Commission, the division of administration, and the rate setting authority to deny the request of the community sewerage system after consideration of the compliance and fiscal status verifications.

New law provides that the community sewerage system is not 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 new law.

New law requires that not later than 20 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.

New law requires that not later than 20 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.

New law provides that a compliance status verification provided by DEQ or LDH be on an official certification form or on department letterhead and signed by qualified staff member.

New law provides that a fiscal status verification provided by the legislative auditor be on official letterhead and signed by a qualified member of the auditor's staff.

New 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. New law does not prohibit the

payment of bonded indebtedness secured by the sewerage system's revenue incurred prior to the effective date of new law.

New law subjects any community sewerage system indicated as not in regulatory compliance, not financially sustainable, or using customer sewer payments in violation of new law to an oversight and accountability hearing before the Legislative Audit Advisory Council or a hearing before the Fiscal Review Committee.

New law subjects any community sewerage system indicated as not in regulatory compliance, not financially sustainable, or using customer sewer payments in violation of new law to a civil action for receivership or a criminal action for malfeasance in office.

New law provides a civil action for receivership or appointment of a fiscal administrator where the condition or operations of a community sewer system causes expenditure of state funds to address an emergency related to the system.

New law provides that the state health officer may apply to a court of competent jurisdiction for appointment of a receiver of a public water system to collect the system's assets and continue its business.

New law authorizes a court to place a public water system in receivership for any circumstance indicating receivership is necessary for uninterrupted service or to protect the health of users.

New law provides a civil action for receivership or appointment of a fiscal administrator where the condition or operations of a community water system that receives a grade of "D" or "F" causes expenditure of state funds to address an emergency related to the system.

New law provides that a grade of "D" or "F" is prima facie evidence that a community water system is financially at risk and unable to maintain financial stability, and is grounds for the Fiscal Review Committee to find a political subdivision reasonably certain not to maintain financial stability.

Existing law prohibits a governing authority that operates a community water system that receives a grade of "D" or "F" from expending money for any purpose other than improvement or sustainability of the community water system.

New law retains existing law and provides that a civil action for receivership or appointment of a fiscal administrator lies where a local governing authority that operates a community water system that receives a grade of "D" or "F" expends revenue for any purpose other than improvement and sustainability of the system.

New provides for rulemaking by DEQ and LDH.

Effective May 22, 2024.

(Amends R.S. 40:5.9(C)(1) and (2) and R.S. 40:5.9.1(F); adds R.S. 30:2075.4, R.S. 39:1351(B)(1)(c), and R.S. 40:5.9.1(E)(1)(d) and (3))