RÉSUMÉ DIGEST

ACT 340 (HB 1200) **2026 Regular Session** **Butler**

Existing law provides for a revolving loan fund in the state treasury known as the La. Rural Infrastructure Revolving Loan Program Fund, hereinafter "fund". Provides for the source of monies deposited into the fund including the deposit of funds for the repayment of principal and interest on loans and other obligations financed from the fund. Provides that funds may be used to finance loans and obligations for projects if reserves for expenditures for the administration of the fund that the department deems necessary and prudent are retained in the fund.

Prior law required the fund to be maintained and operated by the Dept. of the Treasury and referenced loans to local governments.

New law changes maintenance and operation of the fund from the Dept. of the Treasury to the office of rural development within the governor's office (office) and removes references to loans to local governments in favor of loans to eligible borrowers.

Prior law limited the maximum amount of a loan from the fund to $1.5M and limited loans to local governments with a population of less than 15,000 according to the latest federal decennial census. Further limited a local government to one loan from the revolving loan fund until the loan is paid in full; however, once all of the principal, interest, and any other fees and obligations due under the loan agreement are paid in full, the local government may apply for a new loan from the revolving loan fund.

New law changes eligibility for loans from local governments to political subdivisions as defined in existing constitution, repeals the maximum amount of a loan that may be funded through the fund, and increases the population limitation from 15,000 according to the latest federal decennial census to 50,000. New law further provides that if monies in the fund are sufficient to satisfy the demand for loans to qualified borrowers, preference shall be given to qualified borrowers who have no outstanding loans from the program.

Prior law defined an "eligible infrastructure project" or "project" as a plan or proposal approved by the respective certifying department which would have required or used a local match or other required local contribution or required funding for eligible infrastructure project costs that could be provided by the commission. Eligible projects included emergency projects.

New law changes the definition of an "eligible infrastructure project" or "project" to activities undertaken to plan, design, construct, repair, maintain, or improve any of the following facilities or infrastructure located within a local governmental subdivision with a population of less than 50,000 according to the latest federal decennial census for the benefit of the public, and which have been recommended, permitted, or approved by the applicable certifying department:

(1) Facilities or infrastructure for the treatment of distribution of drinking water, the treatment of wastewater, and drainage.

(2) Facilities or infrastructure relating to energy production, transmission, or distribution, including projects for grid modernization and resilience.

(3) Activities intended to mitigate hazards to existing facilities or infrastructure, or for the safety, health, and welfare of the people of this state including activities to reduce or eliminate damage caused by natural disasters, improve or facilitate recovery, or protect critical services.

(4) Activities at other public facilities intended to enhance economic development, public safety, or quality of life.

(5) Emergency requests.

Existing law defines an "emergency request" as a project essential to alleviate conditions that are hazardous to life, health, or property, including projects that have an anticipated useful life of less than 20 years.

Prior law required emergency requests to be submitted by a local government between legislative sessions and that the project had a value or cost of less than $50,000 and would not otherwise qualify for funding in an approved infrastructure program.

New law requires an emergency request for a project to be 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. Additionally, new law increases the value or cost of an eligible emergency request from less than $50,000 to less than $150,000 per project for a local governmental subdivision with a population of 15,000 or less and to less than $250,000 per project including labor, materials, and equipment pursuant to existing law (R.S. 38:2212(C)(1)) for a local governmental subdivision with a population of more than 15,000 but less than or equal to 50,000.

Existing law requires a loan to be evidenced by a bond, note, or other evidence of indebtedness.

Prior law provided that the loan be from the commission to a local government and limited the maximum amount of a loan funded through the revolving loan fund to $1.5M.

New law defines "loan" as the provision of funding to a qualified borrower for all or part of the costs of an eligible infrastructure project in exchange for corresponding obligations, including repayment, owed by the qualified borrower to the lender. New law authorizes a loan to include any necessary matching funds required for the project.

New 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.

Existing 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.

Prior law required the Dept. of the Treasury to promulgate the rules.

New law 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.

Prior law authorized the Dept. of Treasury to enter into contracts and other agreements in connection with the operation of the fund.

New law changes the entity authorized to enter into contracts and agreements in connection with the operation of the fund from the Dept. of the Treasury to the office and additionally authorizes the office to enter into cooperative endeavor agreements with third parties.

New 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 the Treasury, the La. Dept. of Health, and La. Economic Development, to provide recommendations on project eligibility, readiness for advancement, potential economic development benefits, and environmental compliance.

New 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.

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

New law adds a requirement that qualified borrowers 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.

Existing law provides for the process for publication of notice for the issuance of bonds.

Prior law required publication once in the official journal or a newspaper of general circulation in the parish or local government entity incurring the loan. New law 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.

Existing law provides for establishment of the Political Subdivision Federal Grant Assistance Fund as a special fund in the state treasury. Monies in the fund shall be appropriated to the division of administration and the office to be used for the administration of a program to assist political subdivisions with competitive federal grant opportunities made pursuant to existing federal law (Infrastructure Investment and Jobs Act, P.L. 117-58).

New law authorizes monies in the Political Subdivision Federal Grant Assistance Fund to also be used for administering loans or serving as principal for loans made by the state infrastructure bank or through the Rural Infrastructure Revolving Loan Program.

Effective July 1, 2026.

(Amends R.S. 39:100.201(C), 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))