

Regular Session, 2014

SENATE BILL NO. 297

BY SENATOR BROWN

LOCAL AGENCIES. Authorizes the state and its political subdivisions or political corporations to enter into cooperative endeavor agreements with private entities relative to the funding of local infrastructure projects. (gov sig)

1 AN ACT
2 To enact Chapter 21-A of Title 33 of the Louisiana Revised Statutes of 1950, to be
3 comprised of R.S. 33:7631 through 7634, relative to the creation of the Cooperative
4 Local Government Infrastructure Act; to provide for the authority to enter into
5 certain cooperative endeavor agreements between the private sector and the state and
6 its political subdivisions or political corporations; to provide for state tax rebates; to
7 provide for limitations; to provide for definitions; to provide for an effective date;
8 and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. Chapter 21-A of Title 33 of the Louisiana Revised Statutes of 1950,
11 comprised of R.S. 33:7631 through 7634, is hereby enacted to read as follows:

12 **CHAPTER 21-A. COOPERATIVE LOCAL GOVERNMENT**

13 **INFRASTRUCTURE LAW**

14 **§7631. Short title**

15 **This Chapter shall be known and may be cited as the "Cooperative Local**
16 **Government Infrastructure Act".**

17 **§7632. Declaration of purpose; applicability**

1 **A. The legislature hereby finds and declares that the health, safety, and**
2 **welfare of the people of this state are dependent upon the continued**
3 **encouragement, development, growth, and expansion of private sector economic**
4 **development within the state. The legislature further finds and declares that**
5 **there are certain depressed areas in the state that need the particular attention**
6 **of government. These depressed areas often have declining or minimal tax**
7 **revenues creating a widening gap in funding between the costs of public project**
8 **needs and available resources at the local level to address them. Finally,**
9 **investment in public infrastructure could dramatically improve the quality of**
10 **life of residents and make the areas more attractive to private sector economic**
11 **development. Therefore, it is declared to be the purpose of this Chapter to**
12 **stimulate a partnership between government and the private sector for business**
13 **growth in these depressed areas through state incentives for private sector**
14 **donations for local public infrastructure projects.**

15 **B. This Chapter shall apply only to cooperative endeavor agreements**
16 **which expressly cite this Chapter as authority for the agreement, and shall not**
17 **be construed as being applicable or otherwise limit a local government**
18 **authority to enter into cooperative endeavor agreements generally.**

19 **§7633. Cooperative endeavor agreements**

20 **A.(1) As authorized by Article VII, Section 14(C) of the Louisiana**
21 **Constitution, the state and its political subdivisions or political corporations**
22 **may enter into a cooperative endeavor agreement with any public or private**
23 **association, corporation, or individual to carry out a local infrastructure project**
24 **to achieve a public purpose. Any capital improvements shall be on public**
25 **property and for local infrastructure projects as authorized in this Chapter.**

26 **(2) As used in this Chapter, a "local governmental entity" shall mean the**
27 **state and its political subdivisions or political corporations authorized to execute**
28 **a cooperative endeavor agreement under this Chapter.**

29 **B. This cooperative endeavor agreement may provide for the investment,**

1 pledge, use, or deposit of private funds and the guarantee by the public or
2 private association, corporation, or individual of certain financial obligations,
3 to achieve the goals set forth in the agreement. The agreement shall state how
4 the donation for the project will result in the furtherance of a public purpose of
5 the local government authority.

6 C. The cooperative endeavor agreement shall set forth in reasonable
7 detail the following items:

8 (1) The obligations of the various parties.

9 (2) A showing of reasonable expectations that the benefits to be received
10 by the local governmental entity from the donation equal or exceed any state tax
11 rebates to be awarded on the project.

12 (3) Consequences to the public or private association, corporation, or
13 individual in the event of a default or breach of the agreement by the
14 association, corporation, or individual that shall include a repayment to the
15 state, and local governmental entity when appropriate, of any rebates awarded
16 or expenses incurred.

17 D. All cooperative endeavor agreements shall be submitted to the office
18 of contractual review for approval and shall not be considered effective until
19 approved by the office. In addition, all agreements shall include the
20 Department of Revenue as a party to each agreement.

21 §7634. Rebates for donations

22 A. Rebates shall be allowed for qualified donations made to a local
23 governmental entity for a qualified project subject to the following limitations:

24 (1) A participating donor shall submit to the chief financial officer
25 designated by the local governmental entity a written report reasonably
26 documenting the cash, equipment, goods, or services donated pursuant to a
27 cooperative endeavor agreement for a qualified project, including supporting
28 documentation as may be deemed necessary by that officer. Prior to the
29 approval of rebates for a qualified donation under the cooperative endeavor

1 agreement, the officer shall verify the value of the qualified donation.

2 (2) The local governmental entity may approve a rebate to the donor for
3 the verified qualified donation in an amount equal to one-half of the value of the
4 cash, equipment, goods, or services donated, or five hundred thousand dollars,
5 whichever is less. The total amount of the rebates which may be received by
6 any donor in any fiscal year shall not exceed five hundred thousand dollars.

7 (3) Upon approval of the rebate, the local governmental entity shall send
8 a certification letter to the Department of Revenue for payment of the rebate.
9 The letter shall provide the name of the donor and the amount of the rebate.
10 The Department of Revenue may require the association, corporation or
11 individual to submit any additional information as may be necessary to effect
12 the payment of the rebate. Payment shall be made from the current collections
13 of the taxes imposed by Title 47 of the Louisiana Revised Statutes of 1950, as
14 amended.

15 B.(1) The term "qualified donation" shall mean a donation made to a
16 participating local governmental entity to assist in the construction, operation,
17 use, or maintenance of a qualified project. The donation may be in the form of
18 cash or the donation of equipment, goods, or services.

19 (2) The term "qualified project" shall mean a project for the
20 construction or major improvement or repair of infrastructure by a
21 participating local governmental entity.

22 C. The local governmental entity shall promulgate such rules and
23 regulations as may be deemed necessary to carry out the purposes of this
24 Chapter.

25 D. The provisions of this Chapter shall apply to verified qualified
26 donations made after July 1, 2014.

27 Section 2. This Act shall become effective upon signature by the governor or, if not
28 signed by the governor, upon expiration of the time for bills to become law without signature
29 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

1 vetoed by the governor and subsequently approved by the legislature, this Act shall become
2 effective on the day following such approval.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Dawn Romero Watson.

DIGEST

Brown (SB 297)

Proposed law creates the Cooperative Local Government Infrastructure Act to stimulate a partnership between government and the private sector for business growth in depressed areas of the state through state incentives for private sector funding of local public infrastructure. Provides that proposed law is only applicable to agreements that expressly cite proposed law as authority.

Proposed law authorizes the state and its political subdivisions or political corporations to enter into a cooperative endeavor agreement with a public or private association, corporation, or individual to carry out a local infrastructure project to achieve a public purpose. Requires that any capital improvements be on public property and consistent with the purpose of proposed law.

Proposed law provides that cooperative endeavor agreements may provide for the investment, pledge, use, or deposit of private funds and the guarantee by the public or private association, corporation, or individual of certain financial obligations, to achieve the goals set forth in the agreement. Requires that the agreement state how the availability of the funds or guarantee will result in the furtherance of a public purpose.

Proposed law provides that the cooperative endeavor agreement set forth in reasonable detail the following:

- (1) The obligations of the various parties.
- (2) A showing of reasonable expectations that the benefits to be received by the local government authority equal or exceed any state tax rebates to be awarded.
- (3) Consequences to the public or private association, corporation, or individual in the event of a default or breach of the agreement by the association, corporation, or individual that shall include a repayment to the state, and local governmental entity when appropriate, of any rebates awarded or expenses incurred.

Proposed law requires cooperative endeavor agreements to be submitted to the office of contractual review for approval and provides that the agreements shall not be considered effective until approved by the office. Also, requires the Department of Revenue as a party to the agreement.

Proposed law allows state tax rebates for qualified donations made to a local governmental entity for a qualified project subject to the following limitations:

- (1) A participating donor submits to the chief financial officer designated by the local governmental entity a written report reasonably documenting the cash, equipment, goods, or services donated pursuant to a cooperative endeavor agreement for a qualified project, including supporting documentation as may be deemed necessary by that officer. Prior to the approval of rebates for a qualified donation under the cooperative endeavor agreement, the officer shall verify the value of the qualified donation.

- (2) The local governmental entity may approve a rebate to the donor for the verified qualified donation in an amount equal to one-half of the value of the cash, equipment, goods, or services donated, or five hundred thousand dollars, whichever is less. The total amount of the rebates which may be received by any donor in any fiscal year is limited to \$500,000.
- (3) Upon approval of the rebate, the local governmental entity sends a certification letter to the Department of Revenue for payment of the rebate which provides the name of the donor and the amount of the rebate. The Department of Revenue may require any additional information as may be necessary to effect the payment of the rebate. Requires payment to be made from the current collections of the taxes.

Proposed law provides for definitions of "qualified donation" and "qualified project".

Proposed law authorizes the local governmental entity to promulgate such rules and regulations as may be deemed necessary to carry out the purposes of proposed law.

Proposed law provides that it shall apply to verified qualified donations made after July 1, 2014.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 33:7631-7634)