

Regular Session, 2014

SENATE BILL NO. 297

BY SENATOR BROWN

LOCAL AGENCIES. Authorizes 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 political
6 subdivisions or political corporations; to provide for local tax rebates, tax credits, or
7 other incentives; to provide for limitations; to provide for definitions; to provide for
8 an effective date; 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 local 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 entity to**
18 **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, political subdivisions and political corporations may enter into a**
22 **cooperative endeavor agreement with any public or private association,**
23 **corporation, or individual to carry out a local infrastructure project to achieve**
24 **a public purpose. Any capital improvements shall be on public property and**
25 **for local infrastructure projects as authorized in this Chapter.**

26 **(2) As used in this Chapter, a "local governmental entity" shall mean the**
27 **political subdivision or political corporation authorized to execute a cooperative**
28 **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 entity.

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 local tax
11 rebates, tax credits, or other incentives 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 local governmental entity when appropriate, of any rebates, tax credits, or other
16 incentives awarded or expenses incurred.

17 §7634. Tax rebates, tax credits, or other incentives for donations

18 A. Tax rebates, tax credits, or other incentives shall be allowed for
19 qualified donations made to a local governmental entity for a qualified project
20 subject to the following limitations:

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

29 (2) The local governmental entity may approve a tax rebate, tax credit,

1 or other incentive to the donor for the verified qualified donation in an amount
 2 equal to one-half of the value of the cash, equipment, goods, or services donated,
 3 or five hundred thousand dollars, whichever is less. The total amount of the tax
 4 rebates, tax credits, or other incentives which may be received by any donor in
 5 any fiscal year shall not exceed five hundred thousand dollars.

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

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

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

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

18 Section 2. This Act shall become effective upon signature by the governor or, if not
 19 signed by the governor, upon expiration of the time for bills to become law without signature
 20 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 21 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 22 effective on the day following such approval.

The original instrument was prepared by Dawn Romero Watson. The following digest, which does not constitute a part of the legislative instrument, was prepared by Michael Bell.

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 political subdivisions and 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 local tax rebates, tax credits, or other incentives 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 local governmental entity when appropriate, of any rebates, tax credits or other incentives awarded or expenses incurred.

Proposed law allows tax rebates, tax credits, or other incentives 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 tax rebates, tax credits, or other incentives 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 tax rebate, tax credit, or other incentive 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 tax rebates, tax credits, or other incentives which may be received by any donor in any fiscal year is limited to \$500,000.

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)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Local and Municipal Affairs to the original bill

1. Changes incentives from a state tax rebate to a local tax rebate, tax credit or other incentive.