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DIGEST

N. Gautreaux (SB 103)

Proposed law creates the Alternative Fuel Vehicle Revolving Loan Fund Program within the Department of Natural Resources [DNR] through which the state may provide financial assistance to "local governing authorities" for the "costs of converting all or a portion of the local governing authority's fleet of motor vehicles to qualified clean fuel vehicles" propelled by an "alternative fuel."

"Local governing authority" is defined as the governing authority of a parish, municipality, school board, port or port harbor and terminal district, levee district, or any other political subdivision of the state, and the governing authorities of their agencies, offices, or instrumentalities.

"Cost of conversion to a qualified clean fuel vehicle" is defined as both of the following:

1. The retail cost paid by a local governing authority for the purchase and installation of "qualified clean fuel vehicle equipment" in order to modify all or a portion of a fleet of the local government's motor vehicles which are propelled by gasoline or diesel so that they may be partially or wholly propelled by an "alternative fuel."

"Qualified clean fuel vehicle equipment" is defined as the equipment necessary for a motor vehicle to operate partially or wholly on an "alternative fuel," but does not include equipment necessary for operation of a motor vehicle on gasoline or diesel.

2. The cost to a local governing authority of new motor vehicles purchased at retail which are originally equipped at purchase to be partially or wholly propelled by an "alternative fuel," but only for the cost of that portion of the motor vehicle which is attributable to the storage of the alternative fuel, the delivery of the alternative fuel to the engine of the motor vehicle, and the exhaust of gases from combustion of the alternative.

"Alternative fuel" is defined as a fuel which results in emissions of oxides of nitrogen, volatile organic compounds, carbon monoxide, or particulates, or any combination of these which are comparably lower than emissions from gasoline or diesel and which meets or exceeds federal clean air standards, including but not limited to compressed natural gas, liquefied natural gas, liquefied petroleum gas, biofuel, biodiesel, methanol, ethanol, and electricity.

Proposed law creates the Alternative Fuel Vehicle Revolving Loan Fund, maintained, operated, and administered by the DNR. Requires deposit to the fund of all grants, gifts, and donations received by the state for the purposes of the alternative fuels loan fund program; money

appropriated by the legislature to the fund; and other revenues as may be provided by law, including state funds to match any federal funds which are available to fund the program. The money in the fund must be appropriated by the legislature and used by the department solely for administrative costs of and for the purposes of the program. Repayment of principal and interest on program loans and other obligations financed from the fund may be used to finance other program loans and obligations, provided that reserves for expenditures for administration of the fund and program the department deems necessary and prudent may be retained in the fund.

The money in the fund must be invested by the Treasurer in the same manner as money in the state general fund and interest earned on the investment is credited to the fund. All unexpended and unencumbered money in the fund at the end of the year remains in the fund to be used for loans and other purposes of the program in future fiscal years.

Proposed law authorizes money from the fund to be used:

1. To provide loans at or below market interest rate for a period not to exceed 10 years from the completion date of the fleet conversion. All such loans are subject to approval by DNR.
2. To purchase or refinance, at an interest rate that is less than or equal to the market interest rate, debt obligations arising from the program.
3. To guarantee or purchase insurance for debt obligations arising from the program, if the total proceeds of which debt obligation support a fleet conversion and would improve credit market access or reduce the interest rate applicable for the obligation.
4. To provide a source of revenue or security for the payment of principal, interest, or premium on revenue or general obligation bonds or other evidences of indebtedness issued by DNR, or any political subdivision, governmental agency, public corporation, public trust, or any other entity having the authority to issue debt for or on behalf of the state, if the "net proceeds" of such debt instruments are deposited in the alternative fuels loan fund, or are used to finance a fleet conversion approved by DNR or are used to refund any obligation which finances a fleet conversion.

"Net proceeds" is defined as the funds raised from the sale of bonds minus issuance costs, which costs include but are not limited to the underwriting discount, printing of disclosure documents' bond certificates, and the fees of the underwriter's legal counsel, bond counsel, financial advisor, rating agency, and trustee banks.

Proposed law provides for loan conditions and repayment as follows:

Upon approval of an application, DNR may lend amounts from the fund to a local governing authority to finance all or a portion of the cost of a fleet conversion. Such loans are subject to the borrower's compliance with the conditions of the loan, as well as any applicable rules or regulations promulgated by the department. Prior to making a loan, the Department of Natural

Resources must determine that the clean fuel vehicles will be fully insured and that the local governing authority has the ability to repay the loan, and may require a dedicated source of repayment and impose additional requirements as it deems necessary. Principal and interest payments must commence not later than one year after the completion date of the project for which the loan was made, and each loan must be fully amortized not later than 10 years after the completion date.

The interest rate on each loan is established by the secretary of DNR, subject to any limitations provided for "federal assistance under a state transportation plan" or other limitations required for the use of other federal funds by applicable federal law. "Federal assistance under a state transportation plan" means federal matching funds or other federal money which may be available under a State Implementation Plan (SIP), maintenance plan, or other transportation plan of DOTD, an MPO, or other state entity pursuant to the federal Congestion Mitigation and Air Quality (CMAQ) Improvement Program funding which provides funds for public fleet conversions to cleaner fuels.

Criteria to be considered in the development of the interest rate must include but is not limited to administrative costs of the program, program priorities established by the department, the creditworthiness of the applicant, the cost of bonds issued to provide loan funding, and the long-term viability of the revolving loan fund.

"Administrative costs" is defined as costs incurred by DNR in the administration of the program, including but not limited to:

1. Program startup costs.
2. Financial administrative costs of servicing loans and issuing debt.
3. Costs associated with establishing assistance priorities and carrying out oversight and related activities other than financial administration.
4. Financial, management, and legal consulting fees.
5. Any reasonable and necessary expense that the department determines is necessary to effectively administer the program.

The interest rate is authorized to include any additional rate that DNR considers reasonable or necessary to provide a reserve for the repayment of the loan. The additional rate may be fixed or variable, may be calculated according to a formula, and may differ from the rate established for any other loans.

Proposed law authorizes the DNR to promulgate rules and regulations as are necessary to implement the program in accordance with the APA, subject to oversight by the Senate Committee on Natural Resources and the House Committee on Natural Resources and Environment.

Effective July 1, 2010.

(Adds R. S. 33:1419.5 through 1419.10)