

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 913** HLS 10RS 1049

Bill Text Version: **RE-REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | |
|--|---------------------------------|
| Date: May 11, 2010 8:00 AM | Author: CHAMPAGNE |
| Dept./Agy.: Environmental Quality | Analyst: Robert E. Hosse |
| Subject: DEQ Revolving Loan Fund Programs | |

ENVIRONMENT/WATER

RR NO IMPACT SD EX See Note

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Provides for Dept. of Environmental Quality revolving loan programs

Present law authorizes the Department of Environmental Quality (DEQ) to administer and operate the Municipal Facilities Revolving Loan Fund (Fund). DEQ is authorized to issue, incur, and deliver debt evidenced by bonds, notes, or other evidences of indebtedness, and to guarantee the debt of local municipalities, all payable from or secured by sums in the Fund, for the purpose of assisting municipalities in the financing of construction of wastewater treatment facilities. All sales of bonds shall be subject to approval of, and the sale performed by, the State Bond Commission. The bonds are secured by monies in the Fund. DEQ is also authorized to provide low-cost loans to eligible recipients for these same purposes. Proposed law changes the name to the Clean Water State Revolving Loan Fund; increases the maximum term for loans from the fund from 20 years to 30 years and the maximum term for loans made solely for facility planning from two years to five years. Proposed law additionally clarifies that available subsidization to eligible recipients includes grants, principal forgiveness and negative interest rates; and generally reorganizes and makes technical changes.

| EXPENDITURES | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures in aggregate as a result of this measure. To the extent that available funds are committed for longer term loans for planning and facility costs, principal amounts will be paid back less rapidly and less funds will be available for loans to other eligible recipients. DEQ anticipates this impact to be minimal relative to the overall availability of funds, and intends to use these more flexible loan terms when requested by struggling municipalities/communities. DEQ has indicated that it may offer extended term financing if such a request is made with supporting verifiable financial information. Allowing grants, principal forgiveness, or negative interest will not impact the fund. These financing terms would only be offered for additional federal appropriations which require such subsidization and not on existing revolving funds. DEQ estimates that Louisiana will receive \$21 million in annual federal revolving fund capitalization allocations in FY 11. Out of this amount 15% of these funds are to be used for subsidization of loans in this manner.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost
 13.5.2 >= \$500,000 Annual Tax or Fee Change

House
 6.8(F) >= \$100,000 Annual SGF Cost
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

H. Gordon Monk
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Legislative Fiscal Officer