

SENATE BILL NO. 103

BY SENATORS N. GAUTREAUX, AMEDEE, CHABERT, GUILLORY, HEBERT, MICHOT AND MORRISH AND REPRESENTATIVES BOBBY BADON, BALDONE, BARRAS, HENRY BURNS, CARMODY, CHAMPAGNE, CORTEZ, DOVE, DOWNS, FOIL, GISCLAIR, GUILLORY, GUINN, HARDY, HARRISON, HAZEL, HENDERSON, HOFFMANN, SAM JONES, KATZ, LITTLE, MONTOUCET, MORRIS, NOWLIN, RICHMOND, RITCHIE, ROBIDEAUX, ROY, JANE SMITH, ST. GERMAIN, THIBAUT, WADDELL AND WILLIAMS

1 AN ACT

2 To enact Subpart B of Part XIII of Chapter 2 of Title 33 of the Louisiana Revised Statutes  
3 of 1950, to be comprised of R. S. 33:1419.5 through 1419.10, relative to financial  
4 assistance to political subdivisions; creates the Alternative Fuel Vehicle Revolving  
5 Loan Fund Program within the Department of Natural Resources to provide financial  
6 assistance to political subdivisions of the state for the costs of purchasing or  
7 converting all or a portion of the political subdivisions' fleets of motor vehicles to  
8 qualified clean fuel vehicles propelled by an alternative fuel; to provide for the forms  
9 of such financial assistance; and to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. Subpart B of Part XIII of Chapter 2 of Title 33 of the Louisiana Revised  
12 Statutes of 1950, comprised of R. S. 33:1419.5 through 1419.10 is hereby enacted to read  
13 as follows:

14 **SUBPART B. ALTERNATIVE FUEL VEHICLE REVOLVING**

15 **LOAN FUND**

16 **§1419.5. Legislative findings**

17 **A. This Subpart may be cited as the "Alternative Fuel Vehicle Revolving**  
18 **Loan Fund Act."**

19 **B. The legislature finds and declares that:**

20 **(1) It is an important public purpose of the state that the motor vehicle**  
21 **fleets of its parishes, municipalities, school boards, ports, levee districts, and**  
22 **other political subdivisions of the state be economical and efficient in this time**

1 of expensive motor vehicle fuels, as well as being propelled by clean fuel vehicle  
2 equipment which help to keep the state's air clean.

3 (2) It also recognizes that the state has access to abundant reserves of  
4 natural gas and other resources which may be effectively used to produce motor  
5 vehicle fuels which are a clean alternative to gasoline and diesel, thus  
6 contributing to the economic development of the state.

7 C.(1) To assist in financing its political subdivisions for these purposes,  
8 the Alternative Fuel Vehicle Revolving Loan Fund Program is established in  
9 this Subpart to facilitate a state effort and to operate to the extent determined  
10 feasible by the Department of Natural Resources in conjunction with federal  
11 assistance under a state transportation plan or any other federal or private  
12 source of assistance or funding, or both.

13 (2) The financial administration of the Alternative Fuel Vehicle  
14 Revolving Loan Fund shall be with the Department of Natural Resources.

15 (3) Relative to the Alternative Fuel Vehicle Revolving Loan Fund  
16 Program, the Department of Natural Resources shall have the authority to  
17 establish assistance priorities and perform oversight and other related activities.

18 **§1419.6. Definitions**

19 As used in this Subpart, the following terms shall have the meanings  
20 ascribed to them in this Section, unless the context clearly indicates otherwise:

21 (1) "Administrative costs" means costs incurred by the Department of  
22 Natural Resources in the administration of the program, including but not  
23 limited to:

24 (a) Program startup costs.

25 (b) Financial administrative costs of servicing loans and issuing debt.

26 (c) Costs associated with establishing assistance priorities and carrying  
27 out oversight and related activities other than financial administration.

28 (d) Financial, management, and legal consulting fees.

29 (e) Any reasonable and necessary expense that the department  
30 determines is necessary to effectively administer the program.

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

7           (3) "Alternative Fuel Vehicle Revolving Loan Fund" means the revolving  
8           loan fund provided for pursuant to this Subpart.

9           (4) "Conversion to qualified clean fuel vehicles" or "fleet conversion"  
10          means both of the following:

11          (a) The installation of qualified clean fuel vehicle equipment in order to  
12          modify all or a portion of a local governing authority's fleet of motor vehicles  
13          which are propelled by gasoline or diesel so that the motor vehicles may be  
14          partially or wholly propelled by an alternative fuel.

15          (b) The purchase at retail of new motor vehicles by a local governing  
16          authority which are originally equipped at purchase with qualified clean fuel  
17          vehicle equipment.

18          (5) "Cost of conversion to a qualified clean fuel vehicle" means both of  
19          the following:

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

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

1           (6) "Department" means the Department of Natural Resources.

2           (7) "Federal assistance under a state transportation plan" means federal  
3 matching funds or other federal money which may be available under a State  
4 Implementation Plan (SIP), maintenance plan, or other transportation plan of  
5 the Department of Transportation and Development, a Metropolitan Planning  
6 Organization, or other state entity pursuant to the federal Congestion  
7 Mitigation and Air Quality (CMAQ) Improvement Program funding which  
8 provides funds for public fleet conversions to cleaner fuels.

9           (8) "Local governing authority" means the governing authority of a  
10 parish, municipality, school board, port or port harbor and terminal district,  
11 levee district, or any other political subdivision of the state, and the governing  
12 authorities of their agencies, offices, or instrumentalities.

13           (9) "Loan" means a loan of money from the Alternative Fuel Revolving  
14 Loan Fund for eligible costs of the conversion of a fleet of motor vehicles of a  
15 local governing authority to qualified clean fuel vehicles.

16           (10) "Net proceeds" means the funds raised from the sale of bonds minus  
17 issuance costs, which costs include but are not limited to the underwriting  
18 discount, printing of disclosure documents, bond certificates, and the fees of the  
19 underwriter's legal counsel, bond counsel, financial advisor, rating agency, and  
20 trustee banks.

21           (11) "Program" means the Alternative Fuel Revolving Loan Fund  
22 Program as established by this Subpart.

23           (12) "Qualified clean fuel vehicle equipment" means equipment  
24 necessary for a motor vehicle to partially or wholly operate on an alternative  
25 fuel, but shall not include equipment necessary for operation of a motor vehicle  
26 on gasoline or diesel.

27           §1419.7. Alternative Fuel Vehicle Revolving Loan Fund Program

28           A. There shall be an Alternative Fuel Vehicle Revolving Loan Fund  
29 Program within the Department of Natural Resources through which the state  
30 may provide financial assistance to a local governing authority in the manner

1 provided for in this Subpart for the costs of converting all or a portion of the  
2 local governing authority's fleet of motor vehicles to qualified clean fuel vehicles  
3 propelled by an alternative fuel.

4 B. The Department of Natural Resources may promulgate rules and  
5 regulations as are necessary to implement the provisions of this Subpart, in  
6 accordance with the Administrative Procedure Act, subject to oversight by the  
7 Senate Committee on Natural Resources and the House Committee on Natural  
8 Resources and Environment.

9 §1419.8. Alternative Fuel Vehicle Revolving Loan Fund

10 A. There is hereby established the Alternative Fuel Vehicle Revolving  
11 Loan Fund, hereinafter referred to in this Subpart as the "alternative fuels loan  
12 fund", which shall be maintained, operated, and administered by the  
13 Department of Natural Resources.

14 B.(1) All grants, gifts, and donations received by the state for the  
15 purposes of the alternative fuels loan fund program; money appropriated by the  
16 legislature to the fund; and other revenues as may be provided by law, including  
17 federal funds and state funds to match any federal funds which are available to  
18 fund the Alternative Fuel Vehicle Revolving Loan Fund Program as provided  
19 in this Subpart, shall be deposited into and credited to the Alternative Fuel  
20 Vehicle Revolving Loan Fund.

21 (2) All money credited to the accounts of, or to be received by the  
22 alternative fuels loan fund, including sums to be received pursuant to grants,  
23 gifts, donations, or letters of credit, shall be expended, committed, or pledged  
24 in a manner consistent with the terms and conditions of the grants, gifts,  
25 donations, letters of credit and other sources of such deposits, credits, and  
26 letters of credit and as provided in federal and state law.

27 C.(1) The money in the fund not retained or used for loans and other  
28 purposes of the Alternative Fuel Vehicle Revolving Loan Program shall be  
29 invested by the treasurer in the same manner as money in the state general fund  
30 and interest earned on the investment of the money shall be credited to the fund

1 after compliance with the requirements of Article VII, Section 9(B) relative to  
2 the Bond Security and Redemption Fund.

3 (2) All unexpended and unencumbered money in the fund at the end of  
4 a fiscal year shall remain in the fund to be used for loans and other purposes of  
5 the program in future fiscal years.

6 D. (1) The money in the Alternative Fuel Vehicle Revolving Loan Fund  
7 shall be appropriated by the legislature and shall be used by the Department of  
8 Natural Resources solely for administrative costs of and the purposes of the  
9 Alternative Fuel Vehicle Revolving Loan Fund Program as provided for in this  
10 Subpart.

11 (2) Repayment of principal and interest on program loans and other  
12 obligations financed from the fund may be used to finance other program loans  
13 and obligations, provided that reserves for expenditures for administration of  
14 the fund and program the department deems necessary and prudent may be  
15 retained in the fund.

16 §1419.9. Use of the Alternative Fuel Vehicle Revolving Loan Fund

17 Money from the Alternative Fuel Vehicle Revolving Loan Fund may be  
18 used:

19 (1) To provide loans at or below market interest rates for a period not  
20 to exceed ten years from the completion date of the conversion of all or a  
21 portion of local governing authorities' fleets of motor vehicles to qualified clean  
22 fuel vehicles propelled by alternative fuels which are financed by such loans. All  
23 such loans shall be subject to approval by the Department of Natural Resources.

24 (2) To purchase or refinance, at an interest rate that is less than or equal  
25 to the market interest rate, debt obligations arising from the program.

26 (3) To guarantee or purchase insurance for debt obligations arising from  
27 the program, if the total proceeds of such debt obligation support a fleet  
28 conversion eligible for assistance under this Subpart, or if such guarantee or  
29 purchase of insurance would improve credit market access or reduce the  
30 interest rate applicable for the obligation.

1           (4) To provide a source of revenue or security for the payment of  
2           principal, interest, or premium on revenue or general obligation bonds or other  
3           evidences of indebtedness issued by the Department of Natural Resources, or  
4           any political subdivision, governmental agency, public corporation, public trust,  
5           or any other entity having the authority to issue debt for or on behalf of the  
6           state, if the net proceeds of such debt instruments are deposited in the  
7           alternative fuels loan fund, or are used to finance a fleet conversion approved  
8           by the Department of Natural Resources or are used to refund any obligation  
9           which finances a fleet conversion approved under this Subpart.

10           §1419.10. Loan conditions and repayment

11           A. Upon approval of an application by the Department of Natural  
12           Resources, the department may lend amounts on deposit in the Alternative Fuel  
13           Vehicle Revolving Loan Fund to a local governing authority to finance all or a  
14           portion of the cost of a fleet conversion. Such loans are subject to the borrower's  
15           compliance with the conditions of the loan, as well as any applicable rules or  
16           regulations promulgated by the department.

17           B. Prior to making a loan, the Department of Natural Resources shall  
18           determine that the clean fuel vehicles will be fully insured and that the local  
19           governing authority has the ability to repay the loan, and may require a  
20           dedicated source of repayment and impose additional requirements as the  
21           department deems necessary.

22           C. Each loan, unless prepaid, shall be payable subject to the loan  
23           agreement, with principal and interest payments commencing not later than one  
24           year after the completion date of the project for which the loan was made, and  
25           each loan shall be fully amortized not later than ten years after the completion  
26           date.

27           D.(1) The interest rate on each loan shall be established by the secretary  
28           of the Department of Natural Resources, subject to any limitations provided for  
29           federal assistance under a state transportation plan or other limitations  
30           required for the use of other federal funds by applicable federal law. Criteria

1 to be considered in the development of such interest rate shall include but are  
2 not limited to administrative costs of the program, program priorities  
3 established by the department, the creditworthiness of the applicant, the cost  
4 of bonds issued to provide loan funding, and the long-term viability of the  
5 Alternative Fuel Vehicle Revolving Loan Fund.

6 (2) The interest rate for a loan may include any additional rate that the  
7 Department of Natural Resources considers reasonable or necessary to provide  
8 a reserve for the repayment of the loan. The additional rate may be fixed or  
9 variable, may be calculated according to a formula, and may differ from the  
10 rate established for any other loans.

11 E. Each loan shall be evidenced by a bond, note, or other evidence of  
12 indebtedness of the borrower, in a form prescribed or approved by the  
13 Department of Natural Resources. Such evidences of indebtedness shall be  
14 consistent with the provisions of this Subpart and, if federal funds are used,  
15 consistent with the terms of the appropriate federal act, and are not required  
16 to be identical for all loans.

17 Section 2. The Louisiana Law State Institute is hereby directed to redesignate R.S.  
18 33:1418 and 1419 of Part XIII of Chapter 2 of Title 33 of the Louisiana Revised Statutes of  
19 1950, as Subpart A of that Part.

20 Section 3. This Act shall become effective on July 1, 2010; if vetoed by the governor  
21 and subsequently approved by the legislature, this Act shall become effective on July 1,  
22 2010, or on the day following such approval by the legislature, whichever is later.

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PRESIDENT OF THE SENATE

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

\_\_\_\_\_  
GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_