

2026 Regular Session

SENATE BILL NO. 324

BY SENATOR REESE

FUNDS/FUNDING. Provides for changes to the Water Sector Program. (gov sig)

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AN ACT

To amend and reenact R.S. 39:100.56(C), (O)(1)(b), (2), (3), (7), and (8) and to enact R.S. 39:100.56(K)(4) and (O)(12), (13), and (14), relative to the Water Sector Program; to provide relative to the administration of the program; to provide relative to Phase II Subfund and Emergency Subfund grant awards; to provide relative to guidance and application period requirements; to provide relative to the authority of the Water Sector Commission; to provide relative to rate study requirements; to remove outdated deadlines; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 39:100.56(C), (O)(1)(b), (2), (3), (7), and (8) are hereby amended and reenacted R.S. 39:100.56(K)(4) and (O)(12), (13), and (14) are hereby enacted to read as follows:

§100.56. Water Sector Program

* * *

C. The Water Sector Program is hereby established to provide grant funding for repairs, improvements, and consolidation of community water and sewer

1 systems. The division of administration, ~~office of facility planning and control~~, and
 2 the office of community development shall administer the program in consultation
 3 with the Louisiana Department of Health and the Department of Environmental
 4 Quality. The division shall establish a working panel comprised of employees of ~~the~~
 5 ~~office of facility planning and control~~ and the office of community development,
 6 within the division of administration, the office of public health within the Louisiana
 7 Department of Health, and the Department of Environmental Quality. The working
 8 panel shall review and rate applications submitted by community water systems,
 9 community sewer systems, and local governing authorities and submit
 10 recommendations for funding to the commission.

11 * * *

12 K.(1) * * *

13 **(4) The commission may approve modifications to the scope of work of**
 14 **the original grant award. Commission approval shall not be required for minor**
 15 **technical changes that do not affect the purpose of the project, including the**
 16 **means and methods of construction.**

17 * * *

18 O.(1)(a) * * *

19 (b)(i) Any monies deposited into the Emergency Subfund shall be used only
 20 to provide emergency grant funding to address or mitigate an emergency related to
 21 a community water system as defined in R.S. 40:5.8 or community sewer system as
 22 defined in the state Sanitary Code, if such system is under a court-appointed
 23 receivership in accordance with R.S. 30:2075.3, R.S. 33:42, or R.S. 40:5.9, or under
 24 the appointment of a fiscal administrator, **limited fiscal administrator, or receiver,**
 25 in accordance with R.S. 39:1351 et seq.

26 (ii) Notwithstanding any provision of this Section to the contrary, any award
 27 of emergency grant funding shall be made in accordance with the procedures and
 28 requirements for requests and approvals of funding for emergencies, **limited fiscal**
 29 **administrator,** and receivership expenses as provided in the guidance promulgated

1 pursuant to this Subsection.

2 (2) The commission shall ~~hold a meeting no later than September 1, 2024,~~ to
3 submit priorities to the division to utilize in the development of guidance for
4 emergency grants and any new grants awarded pursuant to the Water Sector Program
5 on or after July 1, 2024. **The commission shall update priorities to the division as**
6 **needed.**

7 (3) ~~Upon receipt, the~~ **The** division shall promulgate guidance for the award
8 and administration of emergency grants and any new grants awarded after July 1,
9 2024. The guidance shall include application requirements, deadlines for application
10 submissions and approval, criteria for ratings, **rate study and matching fund**
11 **requirements,** a process for prioritizing critical infrastructure needs, and procedures
12 for requests and approvals of funding for emergencies, **limited fiscal administrator,**
13 and receivership expenses. The Administrative Procedure Act, R.S. 49:950 et seq.,
14 shall not apply to guidance promulgated pursuant to this Subsection. ~~No later than~~
15 ~~October 1, 2024,~~ **The** division shall submit the proposed guidance to the
16 commission for review and approval. Any changes to the guidance shall require
17 approval by the commission.

18 * * *

19 (7) Within ~~forty-five~~ **sixty** days of the end of the application period, the
20 division shall submit ratings of the proposed projects by the working panel
21 established in Subsection C of this Section and recommendations for funding for the
22 projects to the commission.

23 (8) **(a)** The commission shall review the ratings and recommendations
24 submitted by the working panel. The commission shall submit its recommendations
25 for grant awards to the Joint Legislative Committee on the Budget. The
26 recommendations shall include:

27 ~~(a)(i)~~ **(i)** The amount of proposed matching funds for each project or a
28 recommendation for a waiver or a decreased match for any project based on the
29 commission's determination that the local governing authority or water system is

1 unable to provide the full, required match.

2 ~~(b)(ii)~~ Funding for ~~small water and sewer systems~~ **critical infrastructure**
3 **needs** as provided for in the guidance.

4 **(b) The commission may submit recommendations for subsequent grant**
5 **awards to the Joint Legislative Committee on the Budget based upon the ratings**
6 **and recommendations of the working panel without requiring a new application**
7 **period.**

8 * * *

9 **(12) The commission may rescind any grant award for a project if the**
10 **grant recipient fails to comply with the guidance approved by the commission.**

11 **(13) Any grant recipient that fails to comply with the rate study**
12 **requirements pursuant to this Subsection shall be ineligible to receive future**
13 **Water Sector Program grant awards.**

14 **(14) The commission may approve modifications to the scope of work of**
15 **the original grant award. Commission approval shall not be required for minor**
16 **technical changes that do not affect the purpose of the project, including the**
17 **means and methods of construction.**

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 and the following digest, which constitutes no part of the legislative instrument, were prepared by Senate Legislative Services. The keyword, summary, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

SB 324 Original DIGEST 2026 Regular Session Reese

Present law (R.S. 39:100.56) creates the Water Sector Program and the Water Sector Commission to provide grant funding for repairs, improvements, and consolidation of community water and sewer systems and provides for the administration of the program.

Proposed law retains present law.

Proposed law removes the office of facility planning and control from the administration of the program, including the working panel that submits recommendations for funding to the commission.

Present law requires a community water or sewer system be placed under a court-appointed receivership or the appointment of a fiscal administrator in accordance with present law to qualify for emergency grant funding.

Proposed law clarifies that an appointment made in accordance with present law may include the appointment of a limited fiscal administrator or receiver and otherwise retains present law.

Proposed law requires that any approvals of funding for limited fiscal administrator expenses be made in accordance with the guidance promulgated pursuant to present law.

Present law requires the commission to hold a meeting no later than September 1, 2024, to submit priorities to the division to utilize in the development of guidance for emergency grants and any new grants awarded pursuant to the Water Sector Program on or after July 1, 2024.

Proposed law removes the deadline, further requires the commission to update priorities to the division as needed, and otherwise retains present law.

Present law requires the division to promulgate guidance for emergency grants and any new grants awarded after July 1, 2024 that includes application requirements, deadlines for application submissions and approval, criteria for ratings, a process for prioritizing critical infrastructure needs, and procedures for requests and approvals of funding for emergencies and receivership expenses.

Proposed law further requires the guidance to include rate study and matching fund requirements and procedures for approvals of funding of limited fiscal administrator expenses and otherwise retains present law.

Present law requires that within 45 days of the end of the application period, the division shall submit ratings of the proposed projects by the working panel to the commission.

Proposed law extends the deadline from 45 to 60 days and otherwise retains present law.

Proposed law authorizes the commission to submit recommendations for subsequent grant awards to the Joint Legislative Committee on the Budget based upon the ratings and recommendations of the working panel without requiring a new application period.

Proposed law authorizes the commission to rescind any grant award for a project if the grant recipient fails to comply with the guidance approved by the commission.

Proposed law disqualifies any grant recipient that fails to comply with the rate study requirements of present law from receiving future Water Sector Program grant awards.

Proposed law authorizes the commission to approve modifications to the scope of work of the original grant award. Further provides that commission approval is not required for minor technical changes that do not affect the purpose of the project, including the means and methods of construction.

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

(Amends R.S. 39:100.56(C), (O)(1)(b), (2), (3), (7), and (8); adds R.S. 39:100.56(K)(4) and (O)(12), (13), and (14))