
DIGEST

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HB 1200 Engrossed

2026 Regular Session

Butler

Abstract: Provides for the La. Rural Infrastructure Revolving Loan Program and transfers maintenance of the program from the Dept. of the Treasury to the office of rural development within the governor's office and repeals the maximum amount of a loan that may be funded through the fund.

Present law provides for a revolving loan fund in the state treasury known as the La. Rural Infrastructure Revolving Loan Program Fund, hereinafter "fund", which shall be maintained and operated by the Dept. of the Treasury. Provides for the source of monies deposited into the fund including the deposit of funds for the repayment of principal and interest on loans and other obligations made to local governments financed from the fund. Provides that funds may be used to finance loans and obligations for projects of local governments if reserves for expenditures for the administration of the fund that the department deems necessary and prudent are retained in the fund.

Proposed law retains present law with respect to the establishment of the fund but changes maintenance and operation of the fund from the Dept. of the Treasury to the office of rural development within the governor's office (hereinafter "office") and removes references to loans to local governments in favor of loans to eligible borrowers.

Present law limits the maximum amount of a loan that may be funded through the fund to \$1.5M and limits loans to local governments with a population of less than 15,000 according to the latest federal decennial census. Further limits a local government to one loan from the revolving loan fund until the loan is paid in full; however, once all of the principal, interest, and any other fees and obligations due under the loan agreement are paid in full, the local government may apply for a new loan from the revolving loan fund.

Proposed law retains present law but expands eligibility from local governments to political subdivisions as defined in present constitution and repeals the maximum amount of a loan that may be funded through the fund. Proposed law further provides that if monies in the fund are sufficient to satisfy the demand for loans to qualified borrowers, preference shall be given to qualified borrowers who have no outstanding loans from the program.

Present law defines an "eligible infrastructure project" or "project" as a plan or proposal approved by the respective certifying department which would require or use a local match or other required local contribution or require funding for eligible infrastructure project costs that can be provided by the commission. Eligible projects include emergency projects.

Proposed law changes present law to define an "eligible infrastructure project" or "project" as activities undertaken to plan, design, construct, repair, maintain, or improve any of the following facilities or infrastructure located within a local governmental subdivision with a population of less than 15,000 according to the latest federal decennial census for the benefit of the public, and which has been recommended, permitted, or approved by the applicable certifying department:

- (1) Projects involving facilities or infrastructure for the treatment of distribution of drinking water, the treatment of wastewater, drainage, levees, flood mitigation, and coastal protection.
- (2) Projects involving facilities or infrastructure relating to energy production, transmission, or distribution, including projects for grid modernization and resilience.
- (3) Projects intended to mitigate hazards to existing facilities or infrastructure, or for the safety, health, and welfare of the people of this state including projects to reduce or eliminate damage caused by natural disasters, improve or facilitate recovery, or protect critical services.
- (4) Other public infrastructure projects including those intended to enhance economic development, public safety, or quality of life.
- (5) Emergency requests.

Present law defines an "emergency request" as a project request submitted by a local government between legislative sessions that is essential to alleviate conditions that are hazardous to life, health, or property. "Emergency request" includes funding for a project that has an anticipated useful life of less than 20 years and a value or cost of less than \$50,000 and that would not otherwise qualify for funding in an approved infrastructure program.

Proposed law changes this definition to include projects recommended, permitted, or approved by a certifying department and removes the limitation that the project would not otherwise qualify for funding in an approved infrastructure program.

Proposed law defines a "qualified borrower" as a political subdivision authorized to undertake construct, operate, or own an eligible infrastructure project or a private entity participating in an eligible infrastructure project with the approval or consent of the relevant regulatory or technical agencies, including a public-private partnership.

Present law requires the promulgation of rules regarding a schedule of reasonable fees and charges to pay for the costs of administering the fund and a process to respond to requests and to consider loan applications for eligible emergency projects.

Proposed law retains present law but changes the entity promulgating the rules from the Dept. of the Treasury to the office and adds authorization to promulgate rules to establish program rules and underwriting standards, including risk management policies, portfolio concentration limits, and procedures for default and remedies. The procedures may also include stress testing requirements

and loss-reserve requirements consistent with those applicable to commercial banks.

Proposed law authorizes the office to establish advisory committees, including a technical review committee comprised of representatives from the Dept. of Environmental Quality, Dept. of Conservation and Energy, Dept. of Treasury, and La. Economic Development, to provide recommendations on project eligibility, readiness for advancement, potential economic development benefits, and environmental compliance.

Proposed law requires the office to establish and maintain accounts in the fund sufficient to segregate funds by program requirements and prohibits commingling of monies, segregate state and local funds by infrastructure sector as necessary to meet statutory, bond, or program conditions, and to establish reserve accounts, debt service accounts, credit risk accounts, and other accounts as needed for prudent financial management and leveraging.

Present law requires all bonds, notes, or other evidences of indebtedness to be authorized and issued in accordance with specific requirements.

Proposed law retains present law but requires qualified borrowers to include evidence of the borrower's authority to enter into the transaction. Further provides that for a political subdivision, that evidence includes a resolution or ordinance of the governing authority and for private entities, that evidence includes authorization to enter into a binding commitment for repayment accompanied by evidence of the recommendation, permitting, or approval of the project by a certifying department.

Present law provides for the process for publication of notice for the issuance of bonds which includes publication once in the official journal or a newspaper of general circulation in the parish or local government entity incurring the loan.

Proposed law retains present law but changes the location of the publication of the notice from the official journal or newspaper of general circulation in the parish or local government entity incurring the loan to the official journal or newspaper of general circulation within the boundaries of the local governmental subdivision where the project is located.

Effective July 1, 2026.

(Amends R.S. 39:462.1(A)(3) and (B), 462.2, 462.3, 462.4(A)-(F), and 462.5(A); Adds R.S. 39:462.1(A)(4))