

ACT No. 340

2026 Regular Session

HOUSE BILL NO. 1200

BY REPRESENTATIVE BUTLER

1 AN ACT

2 To amend and reenact R.S. 39:100.201(C), 462.1(A)(3) and (B), 462.2, 462.3, 462.4(A)
3 through (F), and 462.5(A) and to enact R.S. 39:462.1(A)(4), relative to funding and
4 financing certain capital projects; to provide for the Louisiana Rural Infrastructure
5 Revolving Loan Program; to provide for definitions; to provide for the
6 administration, investment, and disposition of certain monies; to provide for
7 eligibility criteria; to provide for requirements and limitations; to authorize loans for
8 certain eligible infrastructure projects; to provide for the use and investment of
9 monies in the Louisiana Rural Infrastructure Revolving Loan Program Fund; to
10 provide for the implementation of the program; to authorize the establishment of
11 advisory committees; to provide for the establishment and maintenance of accounts
12 in the fund; to provide with respect to the issuance of bonds and other evidences of
13 indebtedness; to provide for use of monies in the Political Subdivision Federal Grant
14 Assistance Fund; to provide for an effective date; and to provide for related matters.

15 Be it enacted by the Legislature of Louisiana:

16 Section 1. R.S. 39:100.201(C), 462.1(A)(3) and (B), 462.2, 462.3, 462.4(A) through
17 (F), and 462.5(A) are hereby amended and reenacted and R.S. 39:462.1(A)(4) is hereby
18 enacted to read as follows:

19 §100.201. Political Subdivision Federal Grant Assistance Fund

20 * * *

21 C. Monies in the fund shall be used for the administration of a program to
22 assist political subdivisions with competitive federal grant opportunities made
23 pursuant to the Infrastructure Investment and Jobs Act, P.L. 117-58 or for the
24 purposes of administering loans or serving as principal for loans made by the State
25 Infrastructure Bank or Rural Infrastructure Revolving Loan Program.

26 * * *

1 §462.1. Louisiana Rural Infrastructure Revolving Loan Program; purposes

2 A. The legislature finds that:

3 * * *

4 (3) There is a critical need to increase investment in the development and
5 maintenance of Louisiana’s physical infrastructure, including facilities related to
6 water, energy, and hazard mitigation in order to grow the economy and sustain the
7 state’s vital infrastructure.

8 ~~(3)~~ (4) The most effective way of accomplishing the goal of providing for
9 local infrastructure project financing ~~and for preservation of~~ while preserving the
10 state fisc and protecting taxpayers over the long term is to establish a low-interest-
11 rate revolving loan fund to be available for local infrastructure projects and
12 reinvesting repayments into future infrastructure projects as to provide an alternative
13 means to fund appropriate local infrastructure projects that would otherwise compete
14 with scarce state funding for state projects.

15 B. To continue to provide required funding for the planning, design,
16 construction, and maintenance connected with needed infrastructure projects, it is the
17 purpose of this Chapter to provide for the establishment and administration of a
18 program to make loans from a revolving loan fund to assist ~~eligible local~~
19 ~~governments~~ in funding eligible infrastructure projects and enter into cooperative
20 endeavor agreements and interstate compacts as may be necessary and proper to
21 fulfill the purposes of this Chapter.

22 §462.2. Louisiana Rural Infrastructure Revolving Loan Program; definitions

23 The following terms as used in this Chapter shall have the following
24 meanings:

25 (1) ~~"Approved infrastructure program" means a program through which an~~
26 ~~eligible infrastructure project may be funded including but not limited to the~~
27 ~~following programs:~~

28 ~~(a) State Capital Outlay Budget Program as provided in R.S. 39:101 et seq.,~~
29 ~~administered by the division of administration, office of facility planning and~~
30 ~~control.~~

1 ~~(b) Clean Water State Revolving Fund established pursuant to R.S. 30:2301~~
 2 ~~et seq.~~

3 ~~(c) Drinking Water Revolving Loan Fund established pursuant to R.S.~~
 4 ~~40:2821 et seq.~~

5 ~~(2)~~ "Certifying department" means a state department or agency with
 6 authority to ~~administer and~~ permit or approve an eligible infrastructure project in
 7 accordance with laws and regulations governing the respective ~~approved~~
 8 ~~infrastructure program~~ eligible infrastructure program. The State Bond Commission
 9 ~~is shall be~~ the certifying department for emergency requests.

10 ~~(3)~~ (2) "Commission" means the State Bond Commission.

11 ~~(4)~~ (3) "Department" means the Department of the Treasury.

12 ~~(5)~~ (4) "Eligible infrastructure project" or "project" means ~~a plan or proposal~~
 13 ~~approved by the respective certifying department which would require or use a local~~
 14 ~~match or other required local contribution or require funding for eligible~~
 15 ~~infrastructure project costs that can be provided by the commission.~~ "Eligible
 16 infrastructure project" ~~includes an emergency request~~ activities undertaken to plan,
 17 design, construct, repair, maintain, or improve any of the following facilities or
 18 infrastructure located within a local governmental subdivision with a population of
 19 less than fifty thousand according to the latest federal decennial census for the
 20 benefit of the public, and which have been recommended, permitted, or approved by
 21 the applicable certifying department:

22 (a) Facilities or infrastructure for the treatment or distribution of drinking
 23 water, the treatment of wastewater, and drainage.

24 (b) Facilities or infrastructure relating to energy production, transmission,
 25 or distribution, including projects for grid modernization and resilience.

26 (c) Activities intended to mitigate hazards to existing facilities or
 27 infrastructure, or for the safety, health, and welfare of the people of Louisiana,
 28 including those activities intended to reduce or eliminate damage caused by natural
 29 disasters, improve or facilitate recovery, or protect critical services.

1 (d) Activities at other public facilities or infrastructure intended to enhance
 2 economic development, public safety, or quality of life.

3 (e) Emergency requests, as defined in this Section.

4 ~~(6)~~ (5) "Emergency request" means a project request submitted by a local
 5 government to recommended, permitted, or approved by a certifying department
 6 between legislative sessions that is essential to alleviate conditions that are hazardous
 7 to life, health, or property. "Emergency request" includes but is not limited to
 8 funding for a project that has projects having an anticipated useful life of less than
 9 twenty years and a value or cost of less than fifty thousand dollars and that would not
 10 otherwise qualify for funding in an approved infrastructure program one hundred
 11 fifty thousand dollars for a local governmental subdivision with a population of
 12 fifteen thousand or less according to the latest federal decennial census and a value
 13 or cost of less than the contract limit provided for in R.S. 38:2212(C)(1) for a local
 14 governmental subdivision with a population of more than fifteen thousand persons
 15 but less than or equal to fifty thousand persons according to the latest federal
 16 decennial census.

17 ~~(7)~~ (6) "Loan" means the loan from the commission to the local government
 18 provision of funding to a qualified borrower for all or part of the costs of an eligible
 19 infrastructure project in exchange for corresponding obligations, including
 20 repayment, owed by the qualified borrower to the lender, evidenced by a bond, note,
 21 or other evidence of indebtedness as provided in this Chapter. A loan may include
 22 any necessary matching funds required for the project. The maximum amount of a
 23 loan that may be funded through the revolving loan fund is one million five hundred
 24 thousand dollars.

25 ~~(8)~~ (7) "Local governmental subdivision" for purposes of this Chapter means
 26 a local governmental subdivision as defined in Article VI, Section 44 of the
 27 Constitution of Louisiana.

28 (8) "Office" means the office of rural development within the office of the
 29 governor.

1 ~~(9) "Local" or "local government"~~ "Political subdivision" for purposes of this
 2 Chapter means a political subdivision as defined in Article VI, Section 44 of the
 3 Constitution of Louisiana ~~which has a population of less than fifteen thousand~~
 4 ~~according to the latest federal decennial census. A local government shall be limited~~
 5 ~~to one loan from the revolving loan fund until the loan is paid in full.~~

6 (10) "Qualified borrower" means any of the following:

7 (a) A political subdivision authorized to undertake, construct, operate, or
 8 own an eligible infrastructure project.

9 (b) Any private entity, including a concessionaire or special purpose entity,
 10 participating in an eligible infrastructure project with the approval or consent of the
 11 relevant regulatory or technical agencies, including but not limited to participants in
 12 a public-private partnership, to the extent permitted by applicable law, provided that
 13 the office determines that the assistance is adequately secured.

14 ~~(9)~~ (11) "Revolving loan fund" means the Louisiana Rural Infrastructure
 15 Revolving Loan Program Fund established in R.S. 39:462.3.

16 §462.3. Louisiana Rural Infrastructure Revolving Loan Program Fund

17 A. There is hereby established a revolving loan fund in the state treasury to
 18 be known as the "Louisiana Rural Infrastructure Revolving Loan Program Fund",
 19 hereinafter referred to in this Chapter as the "fund", which shall be maintained and
 20 operated by the ~~department~~ office. The source of monies deposited in and credited
 21 to the fund shall be all grants, gifts, and donations received by the state for the
 22 purpose of ~~funding~~ capitalizing the fund; any money appropriated by the legislature
 23 to the fund; ~~the repayment~~ repayments of principal of and interest on loans and other
 24 obligations made to ~~local governments~~ qualified borrowers financed from the fund;
 25 administrative fees; and other revenues as may be provided by law.

26 B. Money in the fund shall be invested in a separate fund by the state
 27 treasurer in the same manner as money in the state general fund. Interest earned on
 28 the investment of the money in the fund shall be credited to the fund after
 29 compliance with the requirements of Article VII, Section 9(B) of the Constitution of

1 Louisiana relative to the Bond Security and Redemption Fund. All unexpended and
 2 unencumbered money in the fund at the end of a fiscal year shall remain in the fund.

3 C. The repayment of principal of and interest on loans and other obligations
 4 made to ~~local governments~~ qualified borrowers financed from the fund shall be
 5 deposited into the fund and may be used to finance loans and obligations for projects
 6 of ~~other local governments~~ qualified borrowers if reserves for expenditures for the
 7 administration of the fund that the ~~department~~ office deems necessary and prudent
 8 are retained in the fund.

9 D. The ~~department~~ office may, by suit, action, mandamus, or other
 10 proceedings, protect and enforce any covenant relating to and the security provided
 11 in connection with any indebtedness issued pursuant to this Chapter and may, by
 12 suit, action, mandamus, or other proceedings, enforce and compel performance of
 13 all duties required to be performed by ~~the governing body and officials of any~~
 14 qualified borrower and in any proceedings authorizing the issuance of bonds or other
 15 evidences of indebtedness.

16 E. The ~~department~~ office shall promulgate rules and regulations in
 17 accordance with the Administrative Procedure Act, as are necessary, for the
 18 following:

19 (1) To adopt a schedule of reasonable fees and charges to pay for the costs
 20 of administering the fund.

21 (2) To respond to emergency requests and to consider loan applications for
 22 eligible emergency projects, ~~that have~~ including projects with an anticipated useful
 23 life of less than twenty years and a value or cost of less than ~~fifty thousand dollars.~~
 24 the contract limit provided for in R.S. 38:2212(C)(1).

25 (3) Establish program rules and underwriting standards pursuant to the
 26 Administrative Procedure Act, including risk management policies, portfolio
 27 concentration limits, and procedures for default and remedies. The procedures may
 28 also include stress testing requirements and loss-reserve requirements consistent with
 29 those applicable to commercial banks.

30 ~~(4)~~ (4) To implement the provisions of this Chapter.

1 F. The ~~department office~~ may enter into contracts and other agreements in
 2 connection with the operation of the fund or enter into contracts or agreements to
 3 implement the provisions of this Chapter including but not limited to entering into
 4 cooperative endeavor agreements with third parties.

5 G. The office may establish advisory committees, including a technical
 6 review committee comprised of representatives from the Department of
 7 Environmental Quality, the Department of Conservation and Energy, the Department
 8 of the Treasury, the Louisiana Department of Health, and Louisiana Economic
 9 Development, to provide recommendations on project eligibility, readiness for
 10 advancement, potential economic development benefits, and environmental
 11 compliance.

12 H. The office shall establish and maintain accounts in the fund sufficient to
 13 do all of the following:

- 14 (1) Segregate funds by program requirements and prohibit commingling.
- 15 (2) Segregate state and local funds by infrastructure sector as necessary to
 16 meet statutory, bond, or program conditions.
- 17 (3) Establish reserve accounts, debt service accounts, credit risk accounts,
 18 and other accounts as needed for prudent financial management and leveraging.

19 §462.4. Revolving loan fund; eligibility requirements; loans for eligible
 20 infrastructure projects; authorizing and issuing debt; security; interest rates;
 21 tax exemption

22 A.(1) Notwithstanding any provision of law to the contrary, and in addition
 23 to the authority to lend or borrow money or incur or guarantee indebtedness provided
 24 by any other provision of law, sums on deposit in and credited to the fund may be
 25 loaned to local governments for use in connection with eligible infrastructure
 26 projects. ~~However, this Section shall not be deemed to be the exclusive authority~~
 27 ~~under which a local government may borrow money or incur indebtedness.~~ The
 28 granting of a loan to any political subdivision or qualified borrower pursuant to the
 29 provisions of this Chapter shall be subject to approval by the commission.

1 (2) In order for a ~~local government~~ political subdivision to be eligible for a
2 loan pursuant to the provisions of this Chapter, ~~the local government~~ it shall comply
3 with all of the following:

4 (a) The ~~local government~~ political subdivision shall demonstrate that it has
5 financial resources and a financial strategy for the duration of the lifecycle of the
6 project to ensure that the project is sufficiently funded, maintained, and replaced as
7 needed.

8 (b) The ~~local government~~ political subdivision shall be in good standing and
9 comply with the audit requirements provided for in R.S. 24:513 at the time that the
10 ~~local government~~ political subdivision applies for and receives the loan as well as
11 during the duration of the term of the loan.

12 (3) ~~A local government is limited to one loan from the revolving loan fund;~~
13 ~~however, once all of the principal, interest, and any other fees and obligations due~~
14 ~~under the loan agreement are paid in full, the local government may apply for a new~~
15 ~~loan from the revolving loan fund. If the monies in the fund are sufficient to satisfy~~
16 ~~the demand for loans to qualified borrowers, preference shall be given to qualified~~
17 ~~borrowers who have no outstanding loans from the program.~~

18 (4) No loan shall be made nor debt evidencing the loan be issued or incurred
19 without the approval of the commission.

20 B. All bonds, notes, or other evidences of indebtedness of any ~~local~~
21 ~~government~~ qualified borrower issued ~~to represent in connection with~~ a loan shall be
22 ~~authorized and issued pursuant to~~ include evidence of the qualified borrower's
23 ~~authority to enter into the transaction as follows:~~

24 (1) For political subdivisions, a resolution or ordinance of the governing
25 authority of that entity, ~~hereinafter referred to collectively as "resolution".~~ ~~The~~
26 ~~resolution shall prescribe~~ prescribing the form and details thereof, including the
27 terms, security for, manner of execution, repayment schedule, and redemption
28 features ~~thereof, and the~~ of the indebtedness. ~~The~~ resolution may provide that an
29 officer of the entity may execute ~~in connection with the obligation~~ any related
30 contract, including but not limited to a credit enhancement device, indenture of trust,

1 loan agreement, pledge agreement, or other agreement or contract needed to
 2 accomplish the purposes for which the evidence of indebtedness is given, ~~in~~
 3 ~~substantially the form referenced in the resolution, but which final executed credit~~
 4 ~~enhancement device, indenture of trust, loan agreement, pledge agreement, or other~~
 5 ~~contract or agreement may contain changes, additions, and deletions as shall in the~~
 6 ~~sole opinion of the executing officer be appropriate under the circumstances.~~ The
 7 resolution shall include a statement as to the maximum principal amount of any
 8 obligation; the maximum interest rate to be incurred or borne by the obligation or
 9 guaranteed by the obligation; the maximum redemption premium, if any; and the
 10 maximum term in years for the obligation, guarantee, or pledge.

11 (2) For private entities, evidence of authorization to enter into a binding
 12 commitment for repayment accompanied by evidence of the recommendation,
 13 permitting, or approval of the project by a certifying department. Written evidence
 14 of authority of the person binding the private entity shall be provided.

15 C. Notwithstanding any other provision of law to the contrary, a ~~local~~
 16 government political subdivision, upon entering into a loan as provided in this
 17 Chapter, may dedicate and pledge a portion of any revenues it has available to be
 18 pledged and dedicated, including but not limited to revenues from the general
 19 revenue fund, sales taxes, sewer user fees, assessments, parcel fees, or ad valorem
 20 property taxes, for a sufficient term to repay the principal of, interest on, and any
 21 premium, administrative fee, or other fee or cost incurred in connection with the
 22 loan.

23 D. Any evidence of indebtedness authorized pursuant to this Chapter shall
 24 bear a rate or rates of interest that shall not exceed the rate or rates set forth in the
 25 resolution authorizing and providing for the issuance thereof. Any rate or rates of
 26 interest may be fixed, variable, or adjustable rates.

27 E. The general laws of the state governing fully registered securities of
 28 public entities shall be applicable to the bonds, notes, or other evidences of
 29 indebtedness issued pursuant to this Chapter.

1 F. A resolution of a political subdivision authorizing a loan pursuant to this
 2 Section shall be published once in the political subdivision's official journal or in a
 3 newspaper of general circulation ~~in the parish or local government entity incurring~~
 4 ~~the loan~~ within the boundaries of the local governmental subdivision where the
 5 project is located. It shall not be necessary to publish exhibits to the resolution, but
 6 the exhibits shall be made available for public inspection at the offices of the
 7 ~~governing authority of the parish, municipality, or other~~ political subdivision at
 8 reasonable times, and notice of the availability of these documents shall be stated in
 9 the publication ~~within the official journal or newspaper of general circulation in the~~
 10 ~~parish or local government entity incurring~~ of the resolution authorizing the loan.
 11 For a period of thirty days after the date of publication, any person in interest may
 12 contest the legality of the resolution authorizing the ~~evidence of indebtedness or~~
 13 ~~other~~ loan and any provision thereof made for the security and payment of the debt.
 14 After the thirty-day period, no one shall have any cause or right of action to contest
 15 the regularity, formality, legality, or effectiveness of the resolution ~~and or~~ the
 16 provisions thereof, or of the bonds, notes, or other evidences of indebtedness ~~or other~~
 17 ~~loan, or to provide for the payment of the debt, or the legality thereof, and all of the~~
 18 ~~provisions of the resolution and evidence of indebtedness shall be conclusively~~
 19 ~~presumed valid, and no court shall have authority or jurisdiction to inquire into the~~
 20 ~~matter~~ securing the loan.

21 * * *

22 §462.5. General power to issue and incur debt; guarantees of the debt of other
 23 entities

24 A. The commission, on behalf of the state, may issue, incur, and deliver debt
 25 evidenced by bonds, notes, or other evidences of indebtedness, payable from or
 26 secured by sums deposited in, credited to, or to be received by the commission in
 27 order to provide monies for deposit into the fund. The commission may undertake
 28 and issue and deliver evidences of its guarantee of the debt of other entities and may
 29 enter into and execute pledges of the sums deposited in, credited to, or to be received
 30 by the commission, including payments pursuant to letters of credit, to secure the

1 debt or performance of obligations of a ~~local government~~ qualified borrower for a
 2 project. Bonds, notes, or other evidences of indebtedness, guarantees, and pledges
 3 issued and delivered pursuant to this authority shall constitute special and limited
 4 obligations of the commission and shall not be secured by the full faith and credit of
 5 the state or any source of revenue of the state other than those sums on deposit in or
 6 credited to the revolving loan fund, or to be received by the commission, including
 7 payments to be made pursuant to letters of credit. Debt issued pursuant to the
 8 provisions of this Chapter shall be deemed to be in compliance with the provisions
 9 of Article VII, Section 14 of the Constitution of Louisiana.

* * *

11 Section 2. This Act shall become effective on July 1, 2026.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____