

RÉSUMÉ DIGEST

ACT 581 (HB 1157)

2026 Regular Session

Bourriague

Existing law (R.S. 36:4(B)) requires that the office of the governor be in the executive branch of state government. Further authorizes the governor to allocate within his office the powers, duties, funds, functions, appropriations, responsibilities, and personnel of the agencies and provide for administration and organization of his office. Additionally specifies that the certain agencies and their powers, duties, functions, and responsibilities are transferred to the office of the governor.

New law (R.S. 36:4(B)(39)) adds the La. State Infrastructure Fund within the office of the governor.

New law (R.S. 48:77.3) creates a special fund in the state treasury designated as the La. State Infrastructure Fund (fund). Further creates certain accounts within the fund with the sources of monies appropriated by the legislature, including federal funds and certain other funds received by the state treasurer. Additionally requires the monies only be used for eligible infrastructure projects. The accounts in the fund are as follows:

- (1) The Highway Account.
- (2) The Transit Account.
- (3) The Rail Account.
- (4) The State-Funded Account.

New law specifies that any use of federal credit instruments or programs to capitalize the bank be subject to approval by the State Bond Commission. Further requires all repayments of principal and interest from loans by the bank be credited to the appropriate accounts created in new law.

New law requires the monies in the fund be invested by the state treasurer in a separate portfolio in the same manner as allowed for monies in the state general fund. Further specifies that while the monies from different accounts within the fund may be pooled for investment purposes, the state treasurer must maintain separate accountings for each account. Further requires earnings generated from investment of the monies in the fund be allocated pro-rata among the accounts that generated the earnings, be available to pay costs directly attributable to investment, and be apportioned pro-rata among the accounts that generated the costs.

New law requires all unexpended and unencumbered monies in the fund at the end of the fiscal year remain in the fund and not revert to the state general fund.

New law (R.S. 48:81) defines the following:

- (1) "Bank" means the La. State Infrastructure Bank.
- (2) "Board" means the board of directors of the bank.
- (3) "Eligible costs" means the following:
 - (a) For an eligible infrastructure project to be financed from the bank's Highway Account, the costs permitted under federal law.
 - (b) For an eligible infrastructure project to be financed from the bank's Transit Account, the costs permitted under federal law.
 - (c) For an eligible infrastructure project to be financed from the bank's Rail Account, the costs permitted under federal law.
 - (d) For an eligible infrastructure project to be financed from the bank's State-Funded Account, all costs associated with the design, construction, or

improvement of public infrastructure, including but not limited to, costs for preliminary engineering, design, permitting, right-of-way acquisition, legal and financial services, construction, and construction management, or the provision of transportation services.

- (4) "Eligible infrastructure project" means activities undertaken to plan, design, construct, repair, maintain, or improve transportation facilities intended for use by the public that have been permitted or approved by the applicable technical and regulatory agencies pursuant to new law and selected by the bank's board to receive a loan or other financial assistance for the payment of eligible costs.
- (5) "Financing agreement" means any agreement entered into between the bank and a qualified borrower pertaining to a loan or other financial assistance, including but not limited to a loan agreement, trust indenture, security agreement, reimbursement agreement, guarantee agreement, bond or note, ordinance or resolution, or similar instrument.
- (6) "Financial assistance" means the provision of money or its equivalent subject to an obligation of repayment in any manner authorized by law, including but not limited to direct disbursements and revolving lines of credit.
- (7) "Loan" means the provision of financial assistance by the bank to a qualified borrower for all or part of the eligible costs of an eligible infrastructure project in exchange for corresponding obligations, including repayment, owed by the qualified borrower to the bank.
- (8) "Political subdivision" means a parish, municipality, or any other unit of local government, including a school board or special district, authorized by law to perform governmental services.
- (9) "Project revenues" means all rates, rents, fees, assessments, charges, grants, appropriations, availability payments, pledged taxes, dedicated revenues, user charges, insurance-related proceeds, and other receipts derived or to be derived from an eligible infrastructure project or made available from a special source, including revenues of any system of which the project is a part, as provided in an applicable financing agreement.
- (10) "Qualified borrower" means:
 - (a) Any political subdivision authorized to undertake, construct, operate, or own an eligible infrastructure project.
 - (b) Any private entity, including a concessionaire or special purpose entity, participating in an eligible infrastructure project with the approval or consent of the relevant regulatory or technical agencies, including but not limited to participants in a public-private partnership, to the extent permitted by applicable law, provided that the board determines that the assistance is adequately secured pursuant to new law.

New law (R.S. 48:82(A)) establishes as a legislative finding that there is a critical need to increase investment in the development and maintenance of La.'s transportation infrastructure to promote economic growth and the ability of business and industry competition in regional, national, and global markets and to improve the quality of life for residents. Further provides that while grant funding remains an important tool for infrastructure investment, increasing project costs and expanding federal credit opportunities require complementary financing mechanisms. Further provides that a revolving loan program allows the state to maximize available resources, protect taxpayers, and reinvest repayments into future infrastructure needs.

New law (R.S. 48:82(B)) creates the La. State Infrastructure Bank within the office of the governor.

New law (R.S. 48:82(C)) specifies that the purpose of the bank is to select and provide loans or other financial assistance to qualified borrowers for financing eligible infrastructure

projects by providing loans and other financial assistance to qualified borrowers for planning, constructing, improving, rehabilitating, and making resilient infrastructure facilities necessary for public purposes.

New law (R.S. 48:82(D)) requires that any loan or other financial assistance provided in new law be made pursuant to a cooperative endeavor agreement between the bank and a qualified borrower.

New law (R.S. 48:82(E)) specifies that the bank is a revolving loan and credit assistance program that administers both federal and state funds in accordance with applicable existing laws and regulations, except where required by applicable federal law, the bank must not provide grants. Further requires all assistance be structured to ensure repayment and the continued revolving use of funds. Specifies that nothing in new law can be construed to supersede or diminish the authority of any state agency to administer its existing infrastructure programs.

New law (R.S. 48:83(A)) requires that the bank be governed by a board of directors composed of the following members:

- (1) The director of the office of rural development or his designee.
- (2) The chair of the Joint Legislative Committee on the Budget or his designee.
- (3) The chair of the Joint Legislative Committee on Transportation, Highways and Public Works or his designee.
- (4) The secretary of the Dept. of Transportation and Development (DOTD) or his designee.
- (5) The secretary of La. Economic Development (LED) or his designee.
- (6) One member appointed by a majority of the other members from among three persons nominated by the La. Bankers Association with not less than five years of experience in commercial lending or investment banking.
- (7) One member appointed by the State Board of Certified Public Accountants of La. with no less than five years of experience in accounting and auditing standards.

New law (R.S. 48:83(B)) requires appointed members serve a term of three years and that all vacancies be filled as provided in the original appointment.

New law (R.S. 48:83(C)) requires the board adopt bylaws and conduct meetings in accordance with the Open Meetings Law. Further requires the director of the La. office of rural development or his designee be the chair of the board.

New law (R.S. 48:83(D)) requires the board be staffed by the office of the governor and can enter interagency agreements with the DOTD, the Dept. of Treasury, and LED for technical review, underwriting support, and program coordination.

New law (R.S. 48:84(A)) provides for additional powers of the board necessary, useful, or appropriate to operate the bank and finance eligible infrastructure projects, including but not limited to:

- (1) Maintain perpetual succession.
- (2) Pursue any necessary legal action upon written approval of the attorney general and to be sued in the name of the bank.
- (3) Adopt an official seal.
- (4) Grant loans, acquire and sell loan obligations, and provide other financial assistance pursuant to cooperative endeavor agreements.
- (5) Enter contracts and execute financing agreements and related instruments.

- (6) Establish program rules and underwriting standards pursuant to the Administrative Procedure Act, including risk management policies, portfolio concentration limits, and procedures for default and remedies. The procedures include stress testing requirements and loss-reserve requirements consistent with those applicable to commercial banks.
- (7) Establish fiscal controls and accounting procedures.
- (8) Enter agreements with any agency or instrumentality of the U.S., the state of La., or another state to finance eligible infrastructure projects.
- (9) Procure insurance, guarantees, letters of credit, and other credit support.
- (10) Borrow money with approval of the State Bond Commission.
- (11) Issue bonds, notes, or other evidence of indebtedness as provided in new law.
- (12) Collect fees and charges in connection with loans or other assistance at amounts either at or below the rates used by commercial banks.
- (13) Accept and hold funds deposited with the bank by the federal government, the state, governmental units, or private entities, with or without payment of interest, as allowed in existing law.
- (14) Establish advisory committees, including a technical review committee comprised of representatives from the DOTD, the Dept. of Treasury, LED, and the La. office of rural development, to provide recommendations on project eligibility, readiness for advancement, potential economic development benefits, environmental compliance, or other matters requiring specialized technical expertise.
- (15) Retain financial advisors, legal counsel, investment advisors, credit analysts, servicers, and other professional services necessary to carry out the purposes of the bank.
- (16) Implement the bank in phases, including initial capitalization or lending limits, and must report to the legislature on program performance prior to expansion.
- (17) Enter into agreements and take all actions necessary to receive, administer, and comply with the requirements of any federal assistance program, including execution of assurances, certifications, and compliance instruments required under applicable federal law.

New law (R.S. 48:84(B)) requires that following the close of each fiscal year, the board submit an annual report to the governor and the legislature no later than Sept. 1st, including a summary of capitalization, portfolio performance, defaults, leverage, and project outcomes. Further requires that the board also submit annually any additional reports required by the terms of any agreement entered into pursuant to new law to the governor and legislature no later than Sept. 1st.

New law (R.S. 48:84(C)) requires that the board obtain an independent annual financial audit of the bank.

New law (R.S. 48:84(D)) requires the bank receive approval by the State Bond Commission prior to engaging in the following activities:

- (1) Issuing bonds, notes, or other evidence of indebtedness of the bank.
- (2) Providing any guarantee, pledge, or use of the credit, revenues, or taxing power of the state.
- (3) Any capitalization action or financing structure that constitutes or gives rise to a debt or a moral obligation of the state.

New law (R.S. 48:84(E)) authorizes the bank to expend monies of the fund, including loan repayments, interest, fees, and investment earnings, for the reasonable and necessary costs of administering and operating the bank. Further requires the administrative expenditures be subject to annual approval by the board as part of an operating budget and be made in accordance with applicable state and federal laws and regulations governing the management and expenditure of public funds.

New law (R.S. 48:85(A)) requires the board promulgate rules establishing the form and content of applications, financing agreements, and other instruments utilized by the bank, and may adopt provisions governing interest rates, terms, security, and repayment sources.

New law (R.S. 48:85(B)) requires applications for financing be accompanied by at least one recommendation of a state agency or political subdivision of the state certifying the project as an eligible infrastructure project that will benefit the public.

New law (R.S. 48:85(C)) specifies that prior to board action, each proposed project must receive a technical review by the applicable technical review committee, in the manner established by rule.

New law (R.S. 48:85(D)) specifies that in selecting projects that receives financial assistance from the bank, the board must consider feasibility, readiness, public benefit, risk, repayment ability, and the amount of funding committed from sources other than the bank as necessary. Further authorizes the board to assign priority to projects that will benefit rural or underserved communities or that demonstrate limited access to traditional financing.

New law (R.S. 48:85(E)) authorizes, during the initial implementation phase of the bank, the board to approve loans with reduced interest rates for a political subdivision that has materially participated in the establishment, capitalization, or programmatic development of the bank, provided that such loans are made pursuant to board-adopted policies and remain subject to full repayment of principal. Additionally requires that any reduced interest loan consideration be limited in duration and scope and must be disclosed in the annual report required by new law.

New law (R.S. 48:86(A)) specifies that loans may bear interest at or below market, be fixed, variable, or adjustable, and include subordinate or contingent repayment structures as determined by the board. Further authorizes the board to modify, restructure, refinance, or otherwise amend the terms of any loan or financial assistance in order to protect the financial interests of the fund.

New law (R.S. 48:86(B)) requires the board determine repayment schedules, including the ability to commence repayment based on substantial completion, revenue commencement, or availability payment start, as provided in the financing agreement.

New law (R.S. 48:86(C)) prohibits the loan term from exceeding 30 years after the date of the first payment unless otherwise authorized by applicable federal law for federal accounts.

New law (R.S. 48:86(D)) authorizes the board to require pledges of project revenues, dedicated taxes, availability payments, credit enhancement, or other security as permitted in any regulation or statute.

New law (R.S. 48:86(E)) specifies that if a borrower fails to comply with contract terms or defaults, the board may:

- (1) Pursue legal or equitable remedies to ensure full repayment of any loan.
- (2) Request that the state withhold from the borrower and deposit any state monies into the fund as permitted in any regulation or statute.
- (3) Draw on pledge reserves or credit facilities securing the obligation.

New law (R.S. 48:86(F)) specifies that the bank is created solely as a public financing entity to provide loans and other credit assistance for eligible public infrastructure projects, to leverage federal and private capital, and to support state and local infrastructure investment.

Further prohibits the bank from accepting deposits from the general public, providing consumer or commercial banking services, or competing with private financial institutions.

New law (R.S. 48:87(A)) requires that prior to executing a financing agreement, the board must require submission of the following:

- (1) For political subdivisions, a resolution authorizing the agreement and specifying maximum principal, rate, term, and related terms.
- (2) For private entities, evidence of authorization to enter into a binding commitment with the bank and evidence of a public sponsor's recommendation as required by law and board rule.

Effective July 1, 2026.

(Adds R.S. 36:4(B)(39) and R.S. 48:77.3 and 81-87)