

SENATE SUMMARY OF HOUSE AMENDMENTS

SB 189

2020 Regular Session

White

KEYWORD AND SUMMARY AS RETURNED TO THE SENATE

FUNDS/FUNDING. Provides for the creation, transfer, deposit, and use of certain funds in the state treasury. (gov sig)

SUMMARY OF HOUSE AMENDMENTS TO THE SENATE BILL

- 1. Deletes provisions creating the Coronavirus Local Recovery Allocation Fund for the deposit of monies from the federal coronavirus relief fund for states and local entities as established in the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- 2. Creates the La. Main Street Recovery Fund providing economic support to businesses for costs incurred due to COVID-19 and provides for deposit and disbursement of monies from the fund to be administered by the state treasurer.
- 3. Creates the Coronavirus Local Recovery Allocation Fun and provides for deposit and disbursement of monies from the allocation fund.

DIGEST OF THE SENATE BILL AS RETURNED TO THE SENATE

DIGEST

SB 189 Engrossed

2020 Regular Session

White

Proposed law creates the Louisiana Main Street Recovery Fund in the state treasury to provide economic support to eligible Louisiana businesses for costs incurred in connection with COVID-19, including business interruption caused by forced closures or restricted operations resulting from voluntary closures instituted to promote social distancing measures, decreased customer demand, cleaning or disinfection, and providing personal protective equipment.

Provides that expenses reimbursed by business interruption insurance or disallowed by the CARES Act or any guidance or regulation issued by the U.S. Department of the Treasury shall not be eligible expenses under proposed law.

Proposed law defines an "eligible business" to mean a for-profit corporation, a limited liability company, a partnership, or a sole proprietorship that meets all of the following criteria:

- (a) Was domiciled in Louisiana as of March 1, 2020.
- (b) Is in good standing with the Secretary of State, if applicable.
- (c) Suffered an interruption of business.
- (d) Has a controlling interest owned by one or more Louisiana residents, whether individual resident citizens or Louisiana domestic business entities.
- (e) Filed Louisiana taxes for tax year 2018 or 2019, or, for an eligible business formed on or after January 1, 2020, intends to file Louisiana taxes for tax year 2020.
- (f) Has customers or employees coming to its physical premises.
- (g) Had no more than 50 full-time equivalent employees as of March 1, 2020.
- (h) Is not a subsidiary of a business with more than 50 full-time equivalent employees, is not part of a larger business enterprise with more than 50 full-time equivalent employees, and is not owned by a business with more than 50 full-time equivalent employees.
- (i) Does not exist for the purpose of advancing partisan political activities, does not directly lobby federal or state officials and has not employed or otherwise worked with a lobbyist as defined in state law at any point during 2020.

(j) Does not derive income from passive investments without active participation in business operations.

Proposed law defines the following terms:

(1) "Grant" means an award by the state treasurer to an eligible business as provided in proposed law.

(2) "Interruption of business" means disruption of regular business operations resulting from required or voluntary closure related to COVID-19.

(3) "Minority business enterprise" means a small business organized for profit performing a commercially useful function which is at least 50% owned by one or more minority individuals or women, who also control and operate the business. Provides that if more than one person owns the enterprise, then requires at least 50% of the owners be resident citizens of the state. Provides that "control" means exercising the power to make policy decisions and "operate" means being actively involved in the day-to-day management of the business.

(4) "Program" means the Louisiana Main Street Recovery Program.

(5) "Public health measure" means any action reasonably taken to prevent the spread of COVID-19 in the workplace.

Proposed law requires the state treasurer to deposit in and credit to the fund \$300 million of the federal monies allocated to Louisiana pursuant to Section 5001 of the CARES Act.

Proposed law requires that monies in the Louisiana Main Street Recovery Fund be invested in the same manner as monies in the state general fund; that interest earned on the investment of monies in the fund be deposited in and credited to the fund; that unexpended and unencumbered monies in the fund shall remain in the fund; and that monies in the fund be appropriated and used solely as provided by proposed law.

Proposed law establishes the Louisiana Main Street Recovery Program, to be administered by the treasurer for the purpose of making grants to eligible businesses. Requires that monies in the fund be disbursed in compliance with the guidelines, guidance, rules, regulations and other criteria of the U.S. Department of the Treasury regarding the use of monies from the coronavirus relief fund established in the CARES Act.

Requires that the treasurer develop procedures to govern the administration of the program and may promulgate emergency rules. Requires that the treasurer use monies in the fund to make grants to eligible businesses and that he may retain an amount not to exceed 8% of the initial deposit for administrative expenses which expenses may include costs for the treasurer and the legislative auditor for work performed in execution of the program.

Authorizes the treasurer to enter into a consulting services contract to expedite the distribution of the funds and that the cost of the contract is an administrative expense.

Authorizes the legislative auditor to perform any necessary review and report his findings to the treasurer.

Proposed law provides the following relative to applications for fund;

(1) No later than July 1, 2020, the treasurer shall announce the date the program shall begin.

(2) For the first 21 days of the program, the treasurer shall only award grants to eligible businesses that meet all of the following criteria:

(a) The eligible business did not receive a United States Small Business Administration-Guaranty Paycheck Protection Program loan or a United States Small Business Administration Economic Injury Disaster Loan Emergency Advance.

(b) The eligible business did not receive and has not been awarded reimbursement under any other federal program for the expenses that will be reimbursed by a grant under this Section.

(c) The eligible business did not receive compensation from an insurance company for the interruption of business.

(3) After the first 21 days of the program, the treasurer may award a grant to any eligible business that otherwise meets the criteria provided in proposed law.

(4) Requires that the treasurer ensure that within the first 60 days of the program no less than \$40 million in grants, exclusive of administrative expenses retained by his office, be awarded to minority business enterprises.

Proposed law requires any office, division, board, bureau, committee, institution or agency of the state or any political subdivision, at the request of the treasurer, to provide employees, facilities, assistance, information, and data needed to enable the treasurer to carry out his duties. Requires the treasurer, at a minimum, work with the Department of Revenue to verify an applicant's tax information and with the Department of Education to promote applications by childcare organizations.

Proposed law provides that if the balance in the fund on November 1, 2020, is less than the balance of the Coronavirus Local Recovery Allocation Fund, as established in proposed law then the treasurer shall transfer the remaining balance in this fund to the Coronavirus Local Recovery Allocation Fund.

Proposed law creates the Coronavirus Local Recovery Allocation Fund (allocation fund) as a special fund in the treasury to provide funding to local governments for expenditures incurred due to the COVID-19 pandemic. Requires that the treasurer deposit into the allocation fund \$511,178,700 of the federal monies allocated to Louisiana pursuant to Section 5001 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136.

Provides that monies in the allocation fund be invested and interest earned be deposited and credited to the fund and unexpended and unencumbered monies remain in the allocation fund. Requires that monies in the allocation fund be appropriated to the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) and used solely as provided in proposed law. Requires the treasurer to allocate 0.5% monies deposited in the allocation fund to GOHSEP and 0.5% of the monies to the legislative auditor for the purpose of performing the duties provided under proposed law.

Proposed law authorizes the commissioner of administration, in consultation with GOHSEP, to develop procedures to govern the administration of the program and may promulgate emergency rules.

Proposed law provides that within fifteen calendar days after receiving a submission for reimbursement pursuant to the allocation fund, GOHSEP and the division of administration shall review the submission and forward documentation of all expenditures considered eligible for reimbursement to the legislative auditor. Requires the legislative auditor to review the documentation to determine whether each expenditure can be verified as eligible for reimbursement and within seven calendar days after receipt report his findings and conclusions to GOHSEP and the division.

Provides that if the legislative auditor requires additional documentation in order to make a determination on the eligibility of submitted expenditures for reimbursement, he may request the documentation from GOHSEP and the division, and the deadline for the auditor to submit his findings and conclusions on such expenditure shall be extended to seven days from when he receives the requested documentation.

Proposed law provides that only expenditures incurred due to COVID-19 between March 1, 2020, and September 30, 2020, are eligible for reimbursement from the allocation fund and any claim submitted after September 30, 2020, is ineligible for payment.

Requires that funds for verified claims be disbursed by GOHSEP within two business days of receipt of the legislative auditor's verification of the expenditure. Provides that no later than the fifteenth of each month, the director of GOHSEP and the commissioner of administration jointly shall submit a report to the Joint Legislative Committee on the Budget detailing by parish the amounts requested for reimbursement under proposed law, the amounts actually reimbursed, and the average time for disbursing funds to each parish.

Provides that if the balance in the allocation fund on November 1, 2020, is less than the balance of the Louisiana Main Street Recovery Fund as established in proposed law, the state treasurer shall transfer the remaining balance in this fund to the Louisiana Main Street Recovery Fund.

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

(Adds R.S. 39:100.36 - 100.38)

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