

HOUSE SUMMARY OF SENATE AMENDMENTS

HB 1200

2026 Regular Session

Butler

CAPITAL OUTLAY: Provides for the Louisiana Rural Infrastructure Revolving Loan Program

Synopsis of Senate Amendments

1. Authorizes monies in the Political Subdivision Federal Grant Assistance Fund to be used for administering loans or serving as principal for loans made by the state infrastructure bank or through the Rural Infrastructure Revolving Loan Program.
2. Removes facilities or infrastructure for levees, flood mitigation, and coastal protection from projects eligible for loans from the revolving loan program.
3. Increases the population limitation for purposes of a local governmental subdivision project qualifying as an "eligible infrastructure project" from 15,000 to 50,000.
4. Authorizes a loan to include any necessary matching funds for a project.
5. Increases the value or cost of an eligible emergency request from less than \$50,000 to less than \$150,000 per project for a local governmental subdivision with a population of 15,000 or less and to less than \$250,000 per project including labor, materials, and equipment pursuant to present law (R.S. 38:2212(C)(1)) for a local governmental subdivision with a population of more than 15,000 but less than or equal to 50,000.
6. Authorizes the office of rural development (hereinafter "office") to enter into contracts or agreements to implement proposed law including entering into cooperative endeavor agreements with third parties.
7. Adds representatives from the La. Dept. of Health to the membership of a technical review committee established by the office.

Digest of Bill as Finally Passed by Senate

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, repeals the maximum amount of a loan that may be funded through the fund, and increases the population limitation from 15,000 according to the latest federal decennial census to 50,000. 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 50,000 according to the latest federal decennial census for the benefit of the public, and which have been recommended, permitted, or approved by the applicable certifying department:

- (1) Facilities or infrastructure for the treatment of distribution of drinking water, the treatment of wastewater, and drainage.
- (2) Facilities or infrastructure relating to energy production, transmission, or distribution, including projects for grid modernization and resilience.
- (3) Activities intended to mitigate hazards to existing facilities or infrastructure, or for the safety, health, and welfare of the people of this state including activities to reduce or eliminate damage caused by natural disasters, improve or facilitate recovery, or protect critical services.
- (4) Activities at other public facilities 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 further changes present law by increasing the value or cost of an eligible emergency request from less than \$50,000 to less than \$150,000 per project for a local governmental subdivision with a population of 15,000 or less and to less than \$250,000 per project including labor, materials, and equipment pursuant to present law (R.S. 38:2212(C)(1)) for a local governmental subdivision with a population of more than 15,000 but less than or equal to 50,000.

Present law defines "loan" as the loan from the commission to the local government evidenced by a bond, note, or other evidence of indebtedness. Further provides that the maximum amount of a loan funded through the revolving loan is \$1,500,000.

Proposed law changes this definition to the provision of funding to a qualified borrower for all or part of the costs of an eligible infrastructure project in exchange for corresponding obligations, including repayment, owed by the qualified borrower to the lender, evidenced by a bond, note, or other evidence of indebtedness. Proposed law authorizes a loan to include any necessary matching funds required for the project.

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.

Present law authorizes the office to enter into contracts and other agreements in connection with the operation of the fund.

Proposed law retains present law but additionally authorizes the office to enter into contracts or agreements to implement proposed law including entering into cooperative endeavor agreements with third parties.

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 the Treasury, the La. Dept. of Health, 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.

Present law provides for establishment of the Political Subdivision Federal Grant Assistance Fund as a special fund in the state treasury. Monies in the fund shall be appropriated to the division of administration and the office to be used for the administration of a program to assist political subdivisions with competitive federal grant opportunities made pursuant to federal law (Infrastructure Investment and Jobs Act, P.L. 117-58).

Proposed law retains present law but authorizes monies in the Political Subdivision Federal Grant Assistance Fund to also be used for administering loans or serving as principal for loans made by the state infrastructure bank or through the Rural Infrastructure Revolving Loan Program.

Effective July 1, 2026.

(Amends R.S. 39:100.201(C), 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))