

DIGEST

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SB 64 Engrossed

2024 Regular Session

Reese

WATER SECTOR FUND

Present law (R.S. 39:100.52) creates the Water Sector Fund ("fund") within the state treasury and provides for the deposit, investment, and use of monies within the fund. Further authorizes the state treasurer to transfer \$300,000,000 from the La. Rescue Plan Fund into the fund. Proposed law removes this authorization. Otherwise retains present law.

Present law establishes the Engineering Fee Subfund within the fund. Provides for the deposit, investment, and use of monies within the Subfund. Proposed law retains present law. Further establishes the Phase II Subfund and the Emergency Subfund within the fund and provides for the deposit, investment, and use of monies with these subfunds. Requires prior approval of both the Water Sector Commission (commission) and the Joint Legislative Committee on the Budget (JLCB) for use of Phase II Subfund monies. Requires commission approval of expenditure of Emergency Subfund monies, unless such award exceeds \$200,000, in which event JLCB approval is also required.

WATER SECTOR PROGRAM

Present law (R.S. 39:100.56) creates the Water Sector Program and commission to provide grant funding for repairs, improvements, and consolidation of community water and sewer systems. Proposed law retains present law.

Present law requires the division of administration to promulgate guidance for the administration of the program, including application requirements, application period dates and deadlines for submissions and approval, criteria for ratings, and a process for ensuring funding for small water and sewer systems and prioritizing critical infrastructure needs. Proposed law further requires the program guidance to include grant requirements, rate study requirements, and procedures for the consideration of extension requests and adjustments to grant awards. Otherwise retains present law.

Present law requires each grant recipient to provide matching funds unless the commission recommends waiving the match requirement. Proposed law retains present law. Further requires that a rate study be completed on each grant recipient, as provided for in the guidance promulgated pursuant to proposed law.

Proposed law prohibits the commission from considering a request to adjust a grant award due to an increase in project costs until the grantee has submitted a value engineering review of the project to the division.

Present law requires grant recipients to comply with audits performed by the legislative auditor but provides an exception to present law consequences for noncompliance. Proposed law retains present law.

Proposed law requires that any monies deposited into the Phase II Subfund on or after July 1, 2024, be used only to provide grant funding for repairs, improvements, and consolidation of community water and sewer systems awarded pursuant to proposed law.

Proposed law requires any monies deposited into the Emergency Subfund to be used only to provide emergency grant funding to address or mitigate an emergency related to a community water system (as defined in present law (R.S. 40:5.8)) or community sewer system (as defined in present law (state Sanitary Code)), if such system is under a court-appointed receivership in accordance with present law (R.S. 30:2075.3, R.S. 33:42, or R.S.

40:5.9) or under appointment of a fiscal administrator in accordance with present law (R.S. 39:1351 et seq.).

Proposed law requires the commission to hold a meeting no later than Sept. 1, 2024, to submit priorities to the division to utilize in the development of guidance for emergency grants and any new grants issued pursuant to the Water Sector Program on or after July 1, 2024. Requires the division to promulgate guidance for the administration of any new grants awarded after July 1, 2024. The guidance shall include application requirements, deadlines for application submissions and approval, criteria for ratings, a process for prioritizing critical infrastructure needs, and procedures for requests and approvals of funding for emergencies and receivership expenses. Requires the division to submit the proposed guidance to the commission for review and approval no later than Oct. 1, 2024. Further requires any changes to the guidance to be approved by the commission.

Proposed law requires the division to submit a proposal outlining administrative costs for program awards made pursuant to proposed law to the commission for review and approval at the same time the guidance is submitted to the commission for approval. Requires the commission to review the proposed administrative costs and make a recommendation to JLCB for funding such costs. Requires JLCB approval of such costs.

Proposed law authorizes the division to enter into consulting services, professional services, and information and technology services contracts as emergency procurements exempt from the provisions of the La. Procurement Code and corresponding rules and regulations for the purpose of procuring any goods or services necessary to implement and expedite the distribution of funds pursuant to proposed law. Requires the cost of such contracts to be considered an administrative cost and requires approval of JLCB.

Proposed law requires each grant recipient to provide matching funds unless the commission recommends reducing or waiving the match requirement. Further requires a rate study to be completed on each grant recipient, as provided in the guidance promulgated pursuant to proposed law.

Proposed law requires the division to begin accepting applications for available funds, including those appropriated by the legislature, no later than 30 days after the commission's approval of the guidance. Requires each application pursuant to proposed law to include the following, at a minimum:

- (1) The amount of grant funding requested.
- (2) The amount and proposed source of funding for the applicant's proposed matching funds.
- (3) The applicant's proposal for use of grant monies for repairs, improvements, or consolidation with neighboring systems.
- (4) An assurance the applicant will comply with the rate determination of the rate study completed pursuant to proposed law.

Proposed law requires the division to submit ratings of the proposed projects by the working panel and recommendations for funding for the projects to the commission within 45 days of the end of the application period.

Proposed law requires the commission to review the ratings and recommendations submitted by the working panel. Requires the commission to submit its recommendations for grant awards from the Phase II Subfund to JLCB. Requires JLCB approval of such recommendations. Prohibits expenditure of monies from the Phase II Subfund without approval of JLCB.

Proposed law requires the division to submit a quarterly status update to the commission and JLCB for projects that receive funding pursuant to proposed law.

Proposed law requires each grant recipient that receives funding to comply with audit provisions of present law.

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

(Amends R.S. 39:100.52(A) and (C) and 100.56(D)(1) and (G); Adds R.S. 39:100.52(E) and (F) and 100.56(K)(2)(c) and (O))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the original bill

1. Adds provisions pertaining to any monies deposited into the fund on or after July 1, 2024 for repairs, improvements, and consolidation of community water and sewer systems.
2. Adds provisions relative to the development of guidance and the application, ratings, and recommendation process for any new grants awarded pursuant to the Water Sector Program on or after July 1, 2024.
3. Requires each grant recipient to provide matching funds unless the commission recommends waiving the match requirement.
4. Requires the commission to submit recommendations for grant awards to the Joint Legislative Committee on the Budget that has final approval of funding for projects. No monies shall be expended from the fund without approval of the Joint Legislative Committee on the Budget.
5. Repeals the present law exception to consequences for noncompliance with audits performed by the legislative auditor and otherwise retains present law.

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Appropriations to the engrossed bill:

1. Create the Phase II and Emergency Subfunds within the Water Sector Fund and provide for the deposit, investment, and use of monies in each subfund.
2. Require prior approval of both the commission and JLCB for use of Phase II Subfund monies. Further require commission approval of Emergency Subfund monies, unless the award exceeds \$200,000, in which event JLCB approval is also required.
3. Add rate study requirements to program guidance requirements for current and future projects.
4. Restrict use of monies deposited into the Phase II Subfund on or after July 1, 2024, to award pursuant to proposed law.
5. Restrict use of monies deposited into the Emergency Subfund to providing emergency grant funding for certain emergencies as provided in proposed law. Further exempt Emergency Subfund monies from other proposed law requirements (R.S. 39:100.56) and provide for award pursuant to guidance promulgated pursuant to proposed law.
6. Require division's proposal for administrative costs for awards made pursuant to proposed law to be submitted to the commission for approval at the same time the guidance is submitted to the commission.

7. Require a rate study to be completed on each grant recipient, as provided in guidance promulgated pursuant to proposed law.
8. Remove requirement that the working panel evaluating applicants pursuant to proposed law include recommendations to the commission for utilizing existing funding sources, including the Drinking Water Revolving Loan Fund.
9. Require each grant recipient receiving funding pursuant to proposed law to comply with present law audit requirements (R.S. 24:513).
10. Remove repeal of present law exemption regarding compliance with present law audit requirements.
11. Make technical changes.