

2020 Second Extraordinary Session

SENATE BILL NO. 73

BY SENATOR BARROW

FUNDS/FUNDING. Provides funding and requirements for eligible rental businesses from the La. Main Street Recovery Program. (gov sig) (Items #16, #17, #18, #19, and #20)

1 AN ACT

2 To amend and reenact R.S. 39:100.41 and 100.44(B), (E), (K), and (Q), and to enact R.S.
3 39:100.42(17) and (18), and 100.44(R), relative to the Louisiana Main Street
4 Recovery Program; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 39:100.41 and 100.44(B), (E), (K), and (Q) are hereby amended and
7 reenacted, and R.S. 39:100.42(17) and (18), and 100.44(R) are hereby enacted to read as
8 follows:

9 §100.41. Legislative Intent

10 It is the intent of the legislature to provide economic support to Louisiana
11 political subdivisions and businesses for costs incurred for and continued response
12 to the Coronavirus disease (COVID-19) pandemic from federal funds provided
13 pursuant to Section 5001 of the CARES Act, which created the Coronavirus Relief
14 Fund from which the state received over one billion eight hundred million dollars
15 (CARES Act), of which the state's portion is over nine hundred ninety-one million
16 dollars. The state desires to use a portion of the remaining portion of the CARES
17 fund monies in the amount of five hundred eleven million one hundred seventy-eight

1 thousand seven hundred four dollars for economic support through the Coronavirus
2 Local Recovery Allocation Program for local government units to be administered
3 by the division of administration and the Governor's Office of Homeland Security
4 and Emergency Preparedness. The state further desires to use a portion of the
5 CARES fund monies in the amount of three hundred million dollars for the
6 Louisiana Main Street Recovery Program for economic support for eligible
7 businesses **and eligible rental businesses** to be administered by the state treasurer,
8 all as established in this Subpart. The state further desires to use a total of fifty
9 million dollars, of which twenty-five million dollars shall come from the
10 Coronavirus Local Recovery Allocation Fund and twenty-five million dollars shall
11 come from the Louisiana Main Street Recovery Fund, for the funding of a one-time
12 hazard pay rebate for essential critical infrastructure workers.

13 §100.42. Definitions

14 For the purposes of this Subpart, the following terms shall have the following
15 meanings:

16 * * *

17 **(17) "Eligible rental business" means a for-profit corporation, a limited**
18 **liability company, a partnership, or a sole proprietorship that (i) is the owner,**
19 **lessor or sub-lessor of a residential dwelling unit in the state of Louisiana, (ii)**
20 **filed Louisiana taxes for tax year 2018 or 2019 or if an eligible rental business**
21 **formed on or after January 1, 2020, and on or before March 1, 2020, intends to**
22 **file Louisiana taxes for tax year 2020; (iii) was domiciled in Louisiana as of**
23 **March 1, 2020; (iv) is in good standing with the secretary of state, if applicable;**
24 **(v) is at least fifty percent owned by one or more Louisiana residences, whether**
25 **individual resident citizens or Louisiana domestic business entities.**

26 **(18) "Lost rental income" means all payments that were due to be made**
27 **to an eligible rental business under a rental agreement between March 1, 2020,**
28 **and November 1, 2020, that were not paid or there is a reasonable expectation**
29 **that they will not be paid due to the business disruption effects of the public**

1 **health emergency and eviction moratoria. Lost rental income shall not be an**
 2 **eligible expense unless and until federal legislation or United States Department**
 3 **of Treasury guidance or regulation authorizes federal disaster funds to be used**
 4 **for lost rental income.**

5 * * *

6 §100.44. Louisiana Main Street Recovery Program

7 A. * * *

8 B. There is hereby created in the state treasury, as a special fund, the
 9 Louisiana Main Street Recovery Fund, hereinafter referred to as the "recovery fund",
 10 to provide economic support to eligible Louisiana businesses for costs incurred **and**
 11 **eligible rental businesses for eligible expenses** in connection with COVID-19,
 12 including business interruptions caused by forced closures or restricted operations
 13 resulting from voluntary closures instituted to promote social distancing, and
 14 resulting decreased customer demand, cleaning or disinfection, ~~and~~ providing
 15 personal protective equipment, **and eligible expenses to eligible rental businesses**
 16 **because of increased unemployment and loss of wages.** Expenses reimbursed by
 17 business interruption insurance or disallowed by the CARES Act or any guidance or
 18 regulation issued by the United States Department of the Treasury shall not be an
 19 eligible expense.

20 * * *

21 E. All remaining monies in the recovery fund, after providing for
 22 administrative expenses, shall be appropriated for grants to eligible businesses **and**
 23 **eligible rental businesses** that submit applications pursuant to this Section provided
 24 that any grant programs have been approved by the Joint Legislative Committee on
 25 the Budget.

26 * * *

27 K. Each recipient of a grant shall provide a certification, on a form developed
 28 by the treasurer, signed by the authorized chief executive of the eligible business **or**
 29 **eligible rental business**, as defined in the program approved by the Joint Legislative

1 Committee on the Budget, that the proposed use of the funds is consistent with the
2 CARES Act. The certification shall also provide that the business shall hold the state
3 harmless and indemnify the state in the event that payments were misappropriated,
4 converted, and/or spent for any purpose other than those authorized by and in
5 accordance with the CARES Act as determined by any executive, administrative, or
6 judicial body of competent jurisdiction.

7 * * *

8 **Q.(1) Eligible rental businesses that can demonstrate eligible expenses**
9 **from March 1, 2020, through November 30, 2020, may apply for a grant of no**
10 **more than fifteen thousand dollars to reimburse for eligible expenses resulting**
11 **from the public health emergency and eviction moratoria.**

12 **(2) The treasurer shall process applications from eligible rental**
13 **businesses and make a determination on payment after receiving a completed**
14 **application.**

15 **(3) Eligible rental businesses that accept a grant under this program**
16 **shall consider any rental payments due under a rental agreement at that**
17 **property as having been paid in full through November 30, 2020, and shall so**
18 **notify the tenant. Acceptance of grant funds shall not prohibit an eligible rental**
19 **business from beginning eviction proceedings for a violation of the lease or**
20 **other laws or regulations.**

21 **R.** Any unobligated balance in the fund on December 1, 2020, shall be
22 transferred to the State Coronavirus Relief Fund.

23 Section 2. Any funds remaining after all distributions have been made from the
24 Louisiana Main Street Recovery Program pursuant to R.S. 39:100.44 shall be allocated by
25 the Joint Legislative Committee on the Budget.

26 Section 3. The provisions of this Act shall only apply to any monies in the allocation
27 fund which are unobligated as of the effective date of this Act. The provisions of this Act
28 shall apply to any additional federal funds received by the state that are designated to be used
29 to provide economic support to eligible Louisiana businesses for costs incurred for and

1 continued response to the Coronavirus disease (COVID-19) pandemic.

2 Section 4. This Act shall become effective upon signature by the governor or, if not
3 signed by the governor, upon expiration of the time for bills to become law without signature
4 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
5 vetoed by the governor and subsequently approved by the legislature, this Act shall become
6 effective on the day following such approval.

The original instrument was prepared by Martha Hess. The following digest, which does not constitute a part of the legislative instrument, was prepared by Jerry G. Jones.

DIGEST

SB 73 Reengrossed

2020 Second Extraordinary Session

Barrow

Present law (R.S. 39:100.44) establishes the Main Street Program. Further establishes the La. Main Street Recovery Fund to finance the grants awarded by the Main Street Program to eligible businesses. Proposed law retains present law.

Present law defines "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:

- (1) Was domiciled in Louisiana as of March 1, 2020.
- (2) Is in good standing with the secretary of state, if applicable.
- (3) Suffered an interruption of business caused by forced or voluntary closures or restricted operations due to social distancing measures, decreased customer demand, cleaning or disinfection expenses, and providing personal protective equipment.
- (4) Is at least fifty percent owned by one or more Louisiana residents, whether individual resident citizens or Louisiana domestic business entities.
- (5) Filed Louisiana taxes for tax year 2018 or 2019, or, if an eligible business formed on or after January 1, 2020, intends to file Louisiana taxes for tax year 2020.
- (6) Has customers or employees coming to its physical premises.
- (7) Had no more than fifty full-time equivalent employees as of March 1, 2020.
- (8) Is not a subsidiary of a business with more than fifty full-time equivalent employees, is not part of a larger business enterprise with more than fifty full-time equivalent employees, and is not owned by a business with more than fifty full-time equivalent employees.
- (9) Does not exist for the purpose of advancing partisan political activity. Does not directly lobby federal or state officials.
- (10) Does not derive income from passive investments without active participation in business operations.

Proposed law extends the program to "eligible rental businesses" which proposed law defines as a for-profit corporation, a limited liability company, a partnership, or a sole

proprietorship that:

- (1) Is the owner, lessor, or sub-lessor of a residential dwelling unit in Louisiana.
- (2) Filed Louisiana taxes for tax year 2018 or 2019 or if an eligible rental business formed on or after January 1, 2020, and on or before March 1, 2020, intends to file Louisiana taxes for tax year 2020.
- (3) Was domiciled in Louisiana as of March 1, 2020.
- (4) Is in good standing with the secretary of state, if applicable.
- (5) Is at least 50% owned by one or more Louisiana residences, whether individual resident citizens or Louisiana domestic business entities.

Proposed law defines "lost rental income" to mean all payments that were due to be made to an eligible rental business under a rental agreement between March 1, 2020, and November 1, 2020, that were not paid or there is a reasonable expectation that they will not be paid due to the business disruption effects of the public health emergency and eviction moratoria. Also provides that lost rental income shall not be an eligible expense unless and until federal legislation or U.S. Dept. of Treasury guidance or regulation authorizes federal disaster funds to be used for lost rental income.

Proposed law provides that eligible rental businesses that can demonstrate eligible expenses from March 1, 2020, through November 30, 2020, may apply for a grant of no more than \$15,000 to reimburse for eligible expenses resulting from the public health emergency and eviction moratoria. Requires the treasurer to process applications from eligible rental businesses and make a determination on payment after receiving a completed application.

Proposed law provides that eligible rental businesses that accept a grant under this program shall consider any rental payments due under a rental agreement at that property as having been paid in full through November 30, 2020, and must so notify the tenant. Acceptance of grant funds shall not prohibit an eligible rental business from beginning eviction proceedings for a violation of the lease or other laws or regulations.

Proposed law provides that any funds remaining after all distributions have been made from the Louisiana Main Street Recovery Program pursuant to R.S. 39:100.44 shall be allocated by the Joint Legislative Committee on the Budget.

Further provides that proposed law shall only apply to any monies in the Main Street Recovery Fund which are unobligated as of the effective date of proposed law. Also provides that the provisions of proposed law shall apply to any additional federal funds received by the state that are designated to be used to provide economic support to eligible Louisiana businesses for costs incurred for and continued response to the COVID-19 pandemic.

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

(Amends R.S. 39:100.41 and 100.44(B), (E), (K), and (Q); adds R.S. 39:100.42(17) and (18), and 100.44(R))

Summary of Amendments Adopted by Senate

Senate Floor Amendments to engrossed bill

1. Revised definitions of "eligible rental business" and "lost rental income".

2. Deleted that grants awarded would be exempt from certain taxes and processes.
3. Deleted that eligible rental businesses receiving a grant shall not evict a tenant for nonpayment of rent or refuse to renew a lease through Nov. 30, 2020.
4. Added that provisions of Act apply to any additional federal funds received by the state that are designated to be used to provide economic support to eligible Louisiana businesses for costs incurred for and continued response to the COVID-19 pandemic.