



# PRESS RELEASE

LOUISIANA TREASURER JOHN FLEMING, MD

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## Louisiana Department of Treasury

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### **HB 836 CREATES HIGHER FEES WITHOUT A VOTE OF THE PUBLIC**

Today, Louisiana State Treasurer John Fleming, M.D., reiterated his firm opposition to House Bill 836 by State Rep. Jack McFarland. Dr. Fleming said that the bill could impair the creditworthiness of the state and local governments and force higher monthly fees on the public without a vote of the people.

Fleming noted that the bill “attempts to bypass the scrutiny of the Bond Commission for long-term financial obligations for political subdivisions, such as municipalities, and could open the door for predatory lending practices.”

According to Dr. Fleming, “In essence, this bill is taxation without representation.”

Without proper Bond Commission oversight, such agreements could lead to a multitude of problems, such as those which occurred in Baton Rouge and Ville Platte.

- On November 8, 2021, the Capital Area Groundwater Conservation District entered into a Cooperative Endeavor Agreement with Sustainability Partners, LLC for the financing of a water meter project. The district sought to install its own water meters and infrastructure on wells producing groundwater within its boundaries. The 30-year, \$45 million contract was not approved as public incurrence of debt by the State Bond Commission. Initially, the Capital Area Groundwater Conservation District requested a formal opinion from the Attorney General’s Office, and the Division of Administration was consulted; however, the request was withdrawn, and no formal opinion was issued by the Attorney General’s office or the Division of Administration, nor was it approved by the board of the district.
- After entering into the Cooperative Endeavor Agreement, the board raised rates to meet their obligations. The Capital Area Groundwater District subsequently tripled its pumping fee rate from \$20/million gallons to \$65/million gallons.
- The Baton Rouge Water Company filed suit against the Capital Area Groundwater Conservation District and litigation is pending in the 19<sup>th</sup> Judicial District Court in Baton Rouge and the Court of Tax Appeals.
- A Petition for Declaratory Judgment and Injunctive Relief was filed by the City of Ville Platte on May 10, 2023. The previous Mayor of Ville Platte signed a Cooperative Endeavor Agreement with Sustainability Partners LLC. However, the new Mayor objected to the obligation and filed suit to have the court declare it null and void and non-binding on the City of Ville Platte as it was not approved by the State Bond Commission in accordance with the

law.

The Louisiana State Treasurer's Office maintains that new financial obligations must be approved by the State Bond Commission. Without State Bond Commission approval, there is no way to know what obligations have been entered into or by whom.

As a result of his significant concerns with HB 836, Dr. Fleming is urging legislators to vote “**no**” on this bill.

The Louisiana State Treasurer's Office remains committed to working closely with all members of the legislature on any matter that will benefit the citizens of our state.

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