2022 Regular Session

HOUSE BILL NO. 3

BY REPRESENTATIVE BISHOP

CAPITAL OUTLAY: Provides for the Omnibus Bond Act

AN ACT

To enact the Omnibus Bond Authorization Act of 2022, relative to the implementation of a five-year capital improvement program; to provide for the repeal of certain prior bond authorizations; to provide for new bond authorizations; to provide for authorization and sale of such bonds by the State Bond Commission; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. The legislature hereby recognizes that the Constitution of Louisiana provides in Article VII, Section 11, that the governor shall present to the legislature a five-year Capital Outlay Program and request implementation of the first year of such program, and that the capital outlay projects approved by the legislature are to be made part of the comprehensive state capital budget which shall, in turn, be adopted by the legislature. Further, all projects in such budget adopted by the legislature requiring bond funds must be authorized as provided in Article VII, Section 6 of the Constitution of Louisiana. The legislature finds that over a period of years the legislature has enacted numerous bond authorizations, but due to inflation and the requirements of specificity of amount for each project, impossibility, or impracticability, many of the projects cannot be undertaken. All of the unissued bonds must be listed in the financial statements of the state prepared from time to time and in connection with the marketing of bonds, and are taken into account by rating agencies, prospective purchasers, and investors in evaluating the investment quality of bonds.

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and credit worthiness of bonds being offered for sale. The continued carrying of the 
aforesaid unissued bonds on the financial statements of the state under the above described 
circumstances operates unnecessarily to the financial detriment of the state. Accordingly, 
the legislature deems it necessary and in the best financial interest of the state to repeal all 
Acts, except any Act authorizing the issuance of refunding bonds and Act 41 of the 2006 
First Extraordinary Session, providing for the issuance of general obligation bonds in the 
state which cannot be issued for the projects contemplated, and in their stead to reauthorize 
general obligation bonds of the state for those projects deemed to be essential, and to 
authorize new projects.

Section 2. It is the intent of the legislature that this Act shall constitute the Omnibus 
Bond Authorization Act of 2022 and, together with any Act authorizing the issuance of 
refunding bonds and Act 41 of the 2006 First Extraordinary Session, shall provide bond 
authorization, as required by Article VII, Section 6 of the Constitution of Louisiana, for 
those projects to be funded totally or partially by the sale of general obligation bonds and 
included in House Bill No. 2 of the 2022 Regular Session as finally enacted into law (2022 
Capital Outlay Act). It is the further intent of the legislature that in this year and each year 
hereafter an Omnibus Bond Authorization Act shall be enacted providing for the repeal of 
state general obligation bond authorizations for projects no longer found feasible or 
desirable, the reauthorization of those bonds not sold during the prior fiscal year for projects 
deemed to be of such priority as to warrant such reauthorization, and to enact new 
authorization for projects found to be needed for capital improvements.

Section 3. Except as hereinafter provided, all prior Acts of the legislature authorizing 
the issuance of general obligation bonds of the state of Louisiana shall be and the same are 
hereby repealed in their entirety. This repeal shall not be applicable to any Act providing 
for the issuance of refunding bonds nor to Act 41 of the 2006 First Extraordinary Session, 
and such Acts shall remain in full force and effect and shall not be affected by the provisions 
of this Act. In addition, the repeal shall not in any manner affect the validity of any bonds 
heretofore issued pursuant to any of the bond authorizations repealed hereby.
Section 4. To provide funds for certain capital improvement projects the State Bond Commission is hereby authorized pursuant to Article VII, Section 6 of the Constitution of Louisiana to issue general obligation bonds or other general obligations of the state for capital improvements for the projects, and subject to any terms and conditions set forth on the issuance of bonds or the expenditure of monies for each project as is provided for in the 2022 Capital Outlay Act.

Section 5.(A) To provide funds for certain capital improvement projects authorized prior to this Act and by this Act, which projects are designed to provide for reimbursement of debt service on general obligation bonds, the State Bond Commission is hereby authorized pursuant to Article VII, Section 6 of the Constitution of Louisiana, to issue general obligation bonds of the state, hereinafter referred to as "project bonds", for capital improvements for the projects and subject to any terms and conditions set forth on the issuance of bonds or the expenditure of monies for each such project as provided in the 2022 Capital Outlay Act the terms of which require such reimbursement of debt service.

(B) Without affecting, restricting, or limiting the pledge herein made of the full faith and credit of the state of Louisiana to the payment of the general obligation bonds authorized by this Section and without affecting, restricting, or limiting the obligation of the state to pay the same from monies pledged and dedicated to and paid into the Bond Security and Redemption Fund, but in order to decrease the possible financial burden on the general funds of the state resulting from this pledge and obligation, the applicable management board, governing body, or state agency for which any of such project bonds are issued, in the fiscal year in which such project bonds are issued and in each fiscal year thereafter until such project bonds and the interest thereon are paid, shall transfer and make available to the state treasury, for deposit in the Bond Security and Redemption Fund, designated student fees or revenues or other revenues in an amount equal to the debt service on such project bonds in such fiscal year. In addition, the applicable management board, governing body, or state agency, in the fiscal year in which such project bonds are issued and in each of the nine immediately succeeding fiscal years thereafter, shall transfer and make available to the state treasury from designated student fees or revenues or other revenues, for credit to a

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reimbursement reserve account for such project bonds which shall be established in an
account designated in the reimbursement contract hereafter provided for, monies in an
amount equal to one-tenth of the average annual debt service on such project bonds, and
each such reimbursement reserve account thereafter shall be maintained in said minimum
amount by further transfers, if necessary, from designated student fees or revenues or other
revenues by the applicable management board, governing body, or state agency to the state
treasury. Each such reimbursement reserve account shall be used, if necessary, solely to
make the reimbursement payments herein obligated to be made to the state treasury. When
the general obligation bonds and the interest thereon issued hereunder have been paid, an
amount remaining in the reimbursement reserve account, as prorated to such authorized
project, shall be transferred by the state treasurer to the applicable management board,
governing body, or state agency.

(C) No project bonds authorized by this Section shall be issued for any authorized
project unless and until a reimbursement contract has been entered into and executed
between the applicable management board, governing body, or state agency and the State
Bond Commission pertaining to the reimbursement payment and reimbursement reserve
account payments for such project. The contract shall require payment into the state treasury
of designated student fees or revenues or other revenues in an amount sufficient to reimburse
the cost to the state of the principal, interest, and premium, if any, obligated to be paid by
the state on such project bonds. The State Bond Commission shall not be required to
execute any such reimbursement contract unless the estimates and projections of the
designated student fees or revenues or other revenues available for payment into the state
treasury thereunder for the authorized projects are sufficient to reimburse the costs of the
principal, interest, and premium, if any, on the project bonds. A reimbursement contract
hereunder shall be authorized by resolution of the applicable management board, governing
body, or state agency, or board or by act of the chief executive officer if no governing board
exists. This authorization shall provide for the dates, amounts, and other details for the
payments required to be made to the state treasury and for the reserve account. The
authorization may contain such covenants with the State Bond Commission regarding the

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fixing of rates for fees and charges or revenues and such other covenants and agreements
with the State Bond Commission as will assure the required payments to the state treasury.
The contract shall be subject to approval by the Office of the Attorney General and the State
Bond Commission and, when so accepted and approved, shall conclusively constitute and
be the reimbursement contract for an authorized project, as required hereunder.

(D) The obligation to make the reimbursement payments as required by a
reimbursement contract may be represented by the issuance by the applicable management
board, governing body, or state agency of its nonnegotiable revenue obligation in the form
of a bond or other evidence of indebtedness, hereinafter referred to as "reimbursement
bond". The reimbursement bond shall be issued in a single bond form, without coupons, in
the principal amount equal to the aggregate principal amount of project bonds, shall be
registered in principal and interest in the name of and be payable to the State Bond
Commission, shall bear interest at a rate or rates equal to the interest rate or rates payable
on the project bonds, and shall be payable as to principal and interest at such times, in such
manner, from designated student fees or revenues, or other revenues, and be subject to such
terms and conditions as shall be provided in the authorizing resolution or document executed
by a chief executive officer, where applicable. This authorization shall be subject to
approval by the State Bond Commission and the Office of the Attorney General, and when
so accepted and approved, the authorization shall constitute and be the reimbursement
contract for such authorized project, as required hereunder. The reimbursement bonds
authorized under the provisions of this Section may be issued on a parity with outstanding
reimbursement bonds of the applicable management board, governing body, or state agency,
or issued on a subordinate lien basis to outstanding bonds, or a combination thereof, and may
include and contain such covenants with the State Bond Commission for the security and
payment of the reimbursement bonds and such other customary provisions and conditions
for their issuance by the applicable management board, governing body, or state agency as
are authorized and provided for by general law and by this Section. Until project bonds for
an authorized project have been paid, the applicable management board, governing body,
or state agency shall impose fees and charges in an amount sufficient to comply with the
covenants securing outstanding bonds and to make the payments required by the reimbursement contract.

(E) In addition to the other payments herein required, reimbursement contracts shall provide for the setting aside of sufficient student fees or revenues or other revenues in a reserve fund, so that within a period of not less than ten years from date of issuance of project bonds there shall be accumulated in a reserve fund monies equal to a sum not less than the average annual debt service requirements on such project bonds. Monies in the reserve fund shall be used for the purpose of remedying or preventing a default in making the required payments under a reimbursement contract. The reserve fund required hereunder may consist of a reserve fund heretofore or hereafter established to secure payments for reimbursement bonds of the applicable management board, governing body, or state agency, provided that (1) payments from said reserve fund to secure the payments required to be made under a reimbursement contract shall be on a parity with the payments to be made securing outstanding bonds and additional parity bonds and (2) no additional parity reimbursement bonds shall be issued except pursuant to the establishment and maintenance of an adequate reserve fund as approved by the State Bond Commission.

(F) When the balance of reimbursement bond proceeds, for a project, are allocated to another project, the State Bond Commission is authorized to make the appropriate amendment to the reimbursement contract with the agency making the reimbursement payments.

Section 6. The bonds authorized to be sold by the State Bond Commission pursuant to this Act shall be issued and sold in conformity with the provisions of Article VII, Section 6 of the Louisiana Constitution, R.S. 39:1361 through R.S. 39:1367, and R.S. 39:1401 through R.S. 39:1430.1, and any amendments thereto adopted prior to, at the same time as, or subsequent to, the effective date of this Act. However, the provisions of R.S. 39:1365(9) shall not apply to any bonds issued hereunder in the form of variable rate and/or tender option bonds and that said bonds need not be issued in serial form and may mature in such year or years as may be specified by the State Bond Commission. Should any provision of this Act be inconsistent with any provision of the Louisiana Revised Statutes of 1950, the
provision of this Act shall govern. In connection with the issuance of the bonds authorized
hereby, the State Bond Commission may, without regard to any other laws of the state
relating to the procurement of services, insurance, or facilities, enter into contracts upon such
terms as it deems advantageous to the state for (1) the obtaining of credit enhancement or
liquidity devices designed to improve the marketability of the bonds and (2) if the bonds are
structured as variable rate and/or tender option bonds to provide the services and facilities
required for or deemed appropriate by the State Bond Commission for such type of bonds,
including those of tender agents, placement agents, indexing agents, remarketing agents,
and/or standby bond purchase facilities. The cost of obtaining credit enhancement or
liquidity devices and fees for other services set forth in this Section shall, if authorized by
the State Bond Commission, be paid from the Bond Security and Redemption Fund as a
requirement with respect to the issuance of the bonds authorized hereby. The bonds shall
be general obligations of the state of Louisiana, to the payment of which, as to principal,
premium, if any, and interest, as and when the same become due, the full faith and credit of
the state is hereby irrevocably pledged. These bonds shall be secured by monies in the Bond
Security and Redemption Fund and shall be payable on a parity with bonds and other
obligations heretofore and hereafter issued which are secured by that fund. The maximum
interest rate or rates on such bonds, and their maturities, shall be determined by the State
Bond Commission. The state treasurer shall invest all bond proceeds until disbursed.

Section 7. The Treasurer is hereby authorized and directed to transfer to the Bond
Security and Redemption Fund to be expended on general obligation bond debt service of
the related bonds (including any bonds issued to refinance such bonds) any unexpended bond
proceeds balance of any general obligation account created prior to 2018 having a balance
of $10,000 or less. If such bonds or refunding bonds are no longer outstanding, then such
unexpended bond proceeds shall be applied to pay debt service on any outstanding general
obligation bonds.

Section 8. Unless specifically repealed, this Act shall expire, and be considered null
and void and of no further effect on June 30, 2023, except as to any bonds authorized herein

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(1) which have been sold, (2) to which lines of credit have been issued, or (3) for which contracts for construction have been signed.

Section 9. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 3 Original 2022 Regular Session Bishop

Abstract: Provides for the implementation of a five-year capital improvement program.

Provides for the implementation of a five-year capital improvement program; provides for the repeal of certain prior bond authorizations; provides for new bond authorizations; provides for authorization and sale of such bonds by the State Bond Commission; and provides for related matters.

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