

2018 Regular Session

HOUSE BILL NO. 230

BY REPRESENTATIVE BERTHELOT

LOCAL GOVERNMENT: Provides relative to investments by political subdivisions

1 AN ACT

2 To amend and reenact R.S. 33:2955(A)(1)(k)(iii) and (l)(iii), relative to investments by
3 political subdivisions; to provide with respect to requirements for investments in
4 bonds, debentures, notes, or other indebtedness; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 33:2955(A)(1)(k)(iii) and (l)(iii) are hereby amended and reenacted
7 to read as follows:

8 §2955. Investments by political subdivisions

9 A.(1) All municipalities, parishes, school boards, and any other political
10 subdivisions of the state are hereby authorized and directed to invest such monies in
11 any general fund or special fund of the political subdivision, and any other funds
12 under the control of the political subdivision which they, in their discretion, may
13 determine to be available for investment in any of the following obligations:

14 * * *

15 (k) Bonds, debentures, notes, or other indebtedness issued by a state of the
16 United States of America other than Louisiana or any such state's political
17 subdivisions provided that all of the following conditions are met:

18 * * *

19 (iii) Prior to purchase of any such indebtedness and at all times during which
20 such indebtedness is owned, the purchasing Louisiana political subdivision retains

1 the services of an investment advisor registered with the United States Securities and
 2 Exchange Commission; an institution that is insured by the Federal Deposit
 3 Insurance Corporation, that has trust powers in Louisiana, and that has a main office
 4 or a bank branch in Louisiana; or a trust company that has offices in Louisiana, that
 5 is regulated by the Office of Financial Institutions or the applicable federal agency,
 6 and that owes a fiduciary duty to act solely in the best interest of the political
 7 subdivision.

8 (l) Bonds, debentures, notes, or other indebtedness issued by domestic
 9 United States corporations provided that all of the following conditions are met:

10 * * *

11 (iii) Prior to purchase of any such indebtedness and at all times during which
 12 such indebtedness is owned, the purchasing Louisiana political subdivision retains
 13 the services of an investment advisor registered with the United States Securities and
 14 Exchange Commission; an institution that is insured by the Federal Deposit
 15 Insurance Corporation, that has trust powers in Louisiana, and that has a main office
 16 or a bank branch in Louisiana; or a trust company that has offices in Louisiana, that
 17 is regulated by the Office of Financial Institutions or the applicable federal agency,
 18 and that owes a fiduciary duty to act solely in the best interest of the political
 19 subdivision.

20 * * *

21 Section 2. This Act shall become effective upon signature by the governor or, if not
 22 signed by the governor, upon expiration of the time for bills to become law without signature
 23 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 24 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 25 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 230 Engrossed

2018 Regular Session

Berthelot

Abstract: Provides relative to investments by political subdivisions pertaining to bonds, debentures, notes, or other indebtedness.

Present law authorizes all municipalities, parishes, school boards, and other political subdivisions of the state to invest in certain obligations. Further provides that monies may be invested in bonds, debentures, notes, or other indebtedness issued by a state other than La. or any such state's political subdivisions or by domestic U.S. corporations, provided that certain conditions are met. Proposed law retains present law.

Present law provides that one such condition is, prior to purchase of any such indebtedness and at all times during which such indebtedness is owed, the purchasing La. political subdivision shall retain the services of an investment adviser registered with the U.S. Securities and Exchange Commission or a trust company that has offices in La., that is regulated by the Office of Financial Institutions or the applicable federal agency, and that owes a fiduciary duty to act solely in the best interest of the political subdivision. Proposed law retains present law but allows the purchasing La. political subdivision the option of satisfying present law requirements by retaining the services of an institution that is insured by the Federal Deposit Insurance Corp., that has trust powers in La., and that has a main office or a bank branch in La.

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

(Amends R.S. 33:2955(A)(1)(k)(iii) and (l)(iii))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Municipal, Parochial and Cultural Affairs to the original bill:

1. Add provision that Act becomes effective upon signature of governor or lapse of time for gubernatorial action.