

2018 Regular Session

SENATE BILL NO. 426

BY SENATOR LAFLEUR

BONDS. Provides relative to the Consolidated Local Government Public Finance Act. (See Act)

1 AN ACT

2 To amend and reenact R.S. 39:562(C) and (D) and to enact Subparts A and B of Part II of
3 Chapter 4 of Subtitle II of Title 39 of the Louisiana Revised Statutes of 1950, to be
4 comprised of R.S. 39:501 through 517, and 521 through 531, and to repeal R.S.
5 17:98, R.S. 39:563 through 578, 611 through 618, and Subpart C, comprised of R.S.
6 39:661 through 672, Subpart D, comprised of R.S. 39:681 through 684, Subpart E,
7 comprised of R.S. 39:691 through 697, Subpart F, comprised of R.S. 39:698.1
8 through 698.13, all as part of Part III of Chapter 4 of Subtitle II of Title 39 of the
9 Louisiana Revised Statutes of 1950, R.S. 39:741 through 742.2, 743 through 748,
10 and Part VII, comprised of R.S. 39:821 through 842, Part IX, comprised of R.S.
11 39:911 through 914, Part X, comprised of R.S. 39:931 through 934, Part XI,
12 comprised of R.S. 39:971 through 974, all as part of Chapter 4 of Subtitle II of Title
13 39 of the Louisiana Revised Statutes of 1950, R.S. 39:1011 through 1024, and
14 Chapter 14-B, comprised of R.S. 39:1460.1 and 1460.2, and Chapter 18, comprised
15 of R.S. 39:1801 through 1811, all as part of Subtitle III of Title 39 of the Louisiana
16 Revised Statutes of 1950, relative to the Consolidated Local Government
17 Indebtedness Act; to consolidate and make uniform local government laws relative

1 to the issuance of certain bonds and other evidences of indebtedness; to provide
2 definitions; to provide for the statutory lien; to provide relative to the authorization,
3 sale, execution, and registration of bonds; to provide relative to the rights of
4 bondholders; to provide relative to the validity of bonds; to provide for the
5 applicability of general bond laws; to provide for peremption; to provide for notice
6 of default; to provide for the bonds to be exempt from taxation and to be legal
7 investments; to provide for the negotiability and incontestability of the bonds; to
8 provide for the application of proceeds; to provide for bond validation; to provide
9 relative to lost, destroyed, or cancelled bonds; to provide relative to counsel fees; to
10 provide relative to general obligation bonds; to provide relative to limited tax bonds
11 and bonds payable from the general alimony tax; to provide relative to sales tax
12 bonds; to provide relative to revenue bonds; to provide relative to limited revenue
13 bonds; to provide relative to excess revenue bonds and certificates of indebtedness;
14 to provide relative to bond anticipation notes; to provide relative to grant anticipation
15 notes; to provide relative to assessment certificates; to provide relative to refunding
16 bonds; to provide for an effective date; and to provide for related matters.

17 Be it enacted by the Legislature of Louisiana:

18 Section 1. R.S. 39:562(C) and (D) are hereby amended and reenacted and Subparts
19 A and B of Part II of Chapter 4 of Subtitle II of Title 39 of the Louisiana Revised Statutes
20 of 1950, comprised of R.S. 39:501 through 517, and 521 through 531, are hereby enacted
21 to read as follows:

22 **PART II. CONSOLIDATED LOCAL**

23 **GOVERNMENT PUBLIC FINANCE ACT**

24 **SUBPART A. GENERAL PROVISIONS**

25 **§501. Designation**

26 **This Part may be referred to as the "Consolidated Local Government**
27 **Public Finance Act".**

28 **§502. Purposes, rules of construction**

29 **A. The purposes of this Part are to clarify, modernize, and make uniform**

1 the laws relating to the powers of parishes, municipalities, school boards, school
2 districts, and other political subdivisions of the state to incur debt and to issue
3 bonds and other evidences of indebtedness.

4 B. This Part shall be liberally construed so as to give effect to its intended
5 purposes.

6 C. Except as provided in Subsection D of this Section, any parish,
7 municipality, school board, school district, or other political subdivision of the
8 state, acting through its governing authority, is authorized to employ the
9 provisions of this Part, including the laws referenced in this Part relating to the
10 issuance of bonds, as a complete and additional method for the issuance of
11 bonds.

12 D. This Part shall not apply to nor be utilized by the city of New Orleans
13 or its agencies, boards, authorities, and commissions, including the Sewerage
14 and Water Board of New Orleans, except as specifically provided herein.

15 E. Bonds issued under any provision of Subpart B of this Part shall be
16 entitled to the rights and benefits conferred generally by Subpart A of this Part.

17 F. The issuer, owner, or holder of any bond issued by any governmental
18 entity prior to July 1, 2018, shall be subject to the provisions of prior law under
19 which the bond was originally issued.

20 §503. Definitions

21 As used in this Part, the following words, terms, and phrases shall have
22 the meanings ascribed to them in this Section, except where the context clearly
23 indicates a different meaning:

24 (1) "Bond" or "bonds" means any bonds, notes, warrants, certificates
25 of indebtedness, certificates of participation or other written contracts,
26 agreements, or instruments evidencing the obligation of a governmental entity
27 to repay borrowed money, regardless of the designation thereof.

28 (2) "Costs of issuance" means all items of expense related to the
29 authorization, sale and issuance of bonds, including but not limited to printing

1 costs, costs of preparation and reproduction of documents, filing and recording
2 fees, fees and charges of any fiduciary, legal fees and charges of any counsels
3 necessary in connection with the issuance of bonds, costs of preparation,
4 printing, and distribution of official statements or other disclosure documents,
5 fees and disbursements of consultants and professionals in connection with the
6 issuance of bonds, costs of credit ratings, fees and charges for preparation,
7 execution, transportation, and safekeeping of bonds, costs and expenses of
8 refunding, underwriters discount or placement fees, costs of any credit
9 enhancement, costs of any financial products agreement, and any other cost,
10 charge, or fee in connection with the issuance of bonds.

11 (3) "Credit enhancement" means any letter of credit, insurance policy,
12 surety bond, standby bond purchase agreement, reserve fund surety bond, or
13 similar facility as used for the purpose of enhancing the security or credit
14 quality of bonds.

15 (4) "Financial products agreement" means an interest rate swap, cap,
16 collar, floor, other hedging agreement, arrangement or security, however
17 denominated, entered into by a governmental entity not for investment purposes
18 but with respect to a series of bonds for the purpose of reducing or otherwise
19 managing the risk of interest rate changes, or effectively converting a
20 governmental entity's interest rate exposure, in whole or in part, from a fixed
21 rate exposure to a variable rate exposure, or from a variable rate exposure to
22 a fixed rate exposure.

23 (5) "Governing authority" means the elected or appointed body that
24 exercises the legislative functions of a parish, municipality, school board, school
25 district, or other political subdivision, including:

26 (a) A sheriff in the case of a law enforcement district.

27 (b) An assessor in the case of an assessment district.

28 (c) A district attorney in the case of a judicial enforcement district.

29 (6) "Governmental entity" means any parish, municipality, school board,

1 school district, or other political subdivision of the state, other than the city of
2 New Orleans and its agencies, boards, authorities, and commissions, and other
3 than the Sewerage and Water Board of New Orleans. However, any other
4 discrete political subdivision coterminous with or wholly within the city of New
5 Orleans created by the Constitution of Louisiana, the legislature, or the Home
6 Rule Charter of the city of New Orleans or by the New Orleans City Council,
7 shall be a governmental entity within the meaning of this Part and may utilize
8 the authority provided in this Part through its governing authority.

9 (7) "State" means the state of Louisiana.

10 (8) "Total assessed value" means the assessed valuation of all property,
11 including both homestead-exempt property, which shall be included on the
12 assessment roll for the purposes of total assessed value, and nonexempt
13 property as shown on the most recent assessment of the parish in which the
14 governmental entity is located.

15 §504. Statutory lien

16 A. It is the intention of the legislature that bonds issued by a
17 governmental entity under this Part, or under any other statutory authority
18 referenced herein, shall be secured debt entitled to the highest possible
19 protection and priority afforded by the bankruptcy laws of the United States
20 and this state. Therefore, the owner or owners of any such bonds are hereby
21 granted and shall have a statutory lien on and a security interest in such taxes,
22 income, revenues, net revenues, monies, payments, receipts, agreements,
23 contract rights, funds, or accounts as are pledged to the payment of such bonds,
24 to the fullest extent and in the manner stated in this Part and in the proceedings
25 authorizing such bonds, and any pledge or grant of a lien or security interest in
26 such taxes, income, revenues, net revenues, monies, payments, receipts,
27 agreements, contract rights, funds, or accounts made by a governmental entity
28 in connection with the issuance of bonds shall be valid, binding, and perfected
29 from the time when the pledge or grant of lien or security interest is made. Such

1 taxes, income, revenues, net revenues, monies, payments, receipts, agreements,
2 contract rights, funds, or accounts shall immediately be subject to the lien of
3 such pledge and security interest without any physical delivery therefor or
4 further act and the lien of such pledge and security interest shall be first
5 priority and valid and binding as against all parties having claims of any kind
6 in tort, contract, bankruptcy, or otherwise against the governmental entity,
7 whether or not such parties have notice thereof. The owner or owners of bonds
8 shall be secured creditors with respect to such taxes, income, revenues, net
9 revenues, monies, payments, receipts, agreements, contract rights, funds, or
10 accounts, as the case may be.

11 B. Any bond issued under this Part or any other statutory authority
12 referenced herein may contain a recital that refers to the statutory lien created
13 by this Section and describes the taxes, income, revenues, net revenues, monies,
14 payments, receipts, agreements, contract rights, funds, or accounts to which
15 such statutory lien applies; however, the failure to include the aforesaid recital
16 shall not affect the validity or efficacy of the statutory lien granted by this
17 Section and by the proceeds authorizing such bonds.

18 C. No notice, filing, or other proceedings under Chapter 9 of the
19 Louisiana Commercial Laws, R.S. 10:9-101 et seq., or any other provision of law
20 for the perfection or priority of such pledge and security interest shall be
21 necessary to perfect the statutory lien granted by this Section and by the
22 proceedings authorizing such bonds.

23 D. The statutory lien shall also apply to and secure any administrative
24 fees owed to the Clean Water State Revolving Fund or the Drinking Water
25 Revolving Loan Fund, in connection with bonds that evidence an obligation to
26 repay a loan from one of said revolving funds.

27 §505. Authorization, sale, execution, and registration of bonds

28 A. Each governing authority shall have authority to adopt all
29 proceedings necessary for the authorization, sale, and delivery of bonds,

1 including the right to enter into all contractual arrangements as may be
2 necessary to effectuate the purpose for which the bonds are being issued upon
3 terms determined by the governing authority. Bonds issued under this Part may
4 be issued by either resolution or ordinance, unless the use of a resolution or the
5 use of an ordinance is specifically required by law or home rule charter.

6 B. Bonds issued under this Part may be sold at a public or private sale
7 upon such terms, in the manner and by following such procedures as may be
8 determined by the governing authority of the governmental entity. No bond
9 issued under this Part shall be required to be registered with the secretary of
10 state or any other office or official.

11 C. Bonds issued under this Part may be secured additionally by credit
12 enhancement, or be entitled to the benefits of a financial products agreement,
13 the cost of which, upon a finding of benefit therefrom by the governing
14 authority, may be paid from the proceeds of the bonds or other lawfully
15 available funds. Bonds may also be secured by a trust agreement or trust
16 indenture by and between the governmental entity and one or more corporate
17 trustees.

18 D. In addition to the foregoing, the proceedings authorizing the issuance
19 of bonds may provide that such bonds will be of such series, bear such date or
20 dates, mature at such time or times, bear interest at such rate or rates payable
21 at such times, be in such denominations, be in such form, carry such
22 registration and exchangeability privileges, be payable in such medium and at
23 such place or places within or without the state, be subject to such terms of
24 prepayment or redemption, be entitled to such priorities on the pledged taxes,
25 revenues, or other source of security, as such proceedings may provide. Bonds
26 shall be executed in the name of the governmental entity by the manual or
27 facsimile signatures of such official or officials of the governmental entity
28 designated by the governing authority in said proceedings. At least one
29 signature on each bond shall be a manual signature, which manual signature

1 may be an authenticating signature by a designated bank or other financial
2 institution or person, and facsimile signatures may be used in the manner
3 provided by law. The seal, or a facsimile thereof, of the governmental entity
4 may, but is not required to be affixed, imprinted, engraved, or otherwise
5 reproduced upon each bond. The delivery of any bonds so executed at any time
6 thereafter shall be valid, although before the date of delivery, any person or
7 persons signing the bonds shall cease to hold office.

8 §506. Rights of bondholders

9 A. Any owner of bonds issued under this Part may by suit, action,
10 mandamus, or other proceedings, protect and enforce the statutory lien
11 provided by this Part as well as the security provided for such bonds or the
12 repayment thereof by the proceedings authorizing such bonds, and may by suit,
13 action, mandamus, or other proceedings enforce and compel performance of all
14 of the duties required to be performed by the governing authority of the issuer
15 of such bonds or as may be provided for in the proceedings authorizing the
16 issuance of such bonds.

17 B. No member of the governing authority or any officer or employee of
18 the governmental entity that has issued bonds, or any person executing such
19 bonds shall be personally liable on such bonds.

20 C. The governing authority may in the proceedings authorizing bonds
21 provide for the respective priorities of its separate series of bonds, and may
22 provide for the issuance of additional parity bonds in the future pursuant to
23 such procedure or restrictions as may be specified in such proceedings, or as
24 may be agreed to by the owners of any series of bonds. In the absence of such
25 provision, or agreement of the owners, if more than one series of bonds, other
26 than general obligation bonds, shall be issued hereunder payable from the same
27 taxes or other revenues, then the priority of lien on such revenues shall depend
28 on the time of the delivery of such series of bonds, each series enjoying a lien
29 prior and superior to that enjoyed by any series of bonds subsequently

1 delivered, except that as to any series of bonds which may be authorized as a
2 unit but delivered from time to time in tranches or separate series, the
3 governing authority may in the proceedings authorizing the issuance of such
4 bonds provide that all of the bonds of such series or issue shall be coequal as to
5 lien regardless of the time of delivery.

6 D. Proceedings authorizing the issuance of bonds may contain such
7 covenants with the future owner or owners of the bonds as to the taxes or
8 revenues that secure such bonds, the disposition of such taxes or revenues, the
9 issuance of future bonds, and such other pertinent matters as the governing
10 authority may desire to assure the marketability of such bonds, provided such
11 covenants are not inconsistent with the provisions of this Part.

12 E. Any proceedings authorizing the issuance of bonds may contain such
13 provisions to assure the enforcement, collection, and proper application of the
14 taxes or revenues pledged as security for the bonds as the governing authority
15 may think proper, where not inconsistent with the provisions of this Part. When
16 any bonds shall have been issued, this Part, the proceedings of the governing
17 authority relating to the pledged taxes or revenues, and the obligation of the
18 governing authority to continue to collect and allocate such pledged taxes or
19 revenues and to apply such pledged taxes or revenues in accordance with the
20 provisions of said proceedings, shall be irrevocable until such bonds have been
21 paid in full as to principal and interest, and shall not be subject to amendment
22 in any manner which would impair the rights of the owners from time to time
23 of such bonds or which would in any way jeopardize the prompt payment of
24 principal thereof or interest thereon.

25 §507. Validity of bonds; recital of regularity

26 Before bonds are issued under this Part, the governing authority shall
27 investigate and determine the regularity of the proceedings. The proceedings
28 authorizing the bonds may direct that the bonds contain the following recital:

29 "It is certified that this indebtedness is authorized by and is

1 issued in conformity with the requirements of the Constitution
2 and statutes of Louisiana."

3 Such recital shall be deemed to be an authorized declaration of the
4 governing authority and to import that there is constitutional and statutory
5 authority for issuing the bonds and imposing the pledged tax or providing for
6 the collection of the pledged revenues; that all the proceedings therefor are
7 regular; that all acts, conditions, and things required to exist, happen and be
8 performed precedent to and in the issuance of the bonds and imposition of any
9 pledged tax or providing for the collection of the pledged revenues have existed,
10 have happened and have been performed in due time, form, and manner as
11 required by law; that the amount of the bonds, together with all other
12 indebtedness of the governmental entity does not exceed any limit or limits
13 prescribed by the constitution or statutes of Louisiana; and that the required
14 notices have been duly and regularly given in the manner required by law. If
15 any bonds are issued containing the above recital, the same shall be construed
16 according to the import herein declared, and it shall be conclusively presumed
17 that the recital is true, and neither the governing authority nor any taxpayer
18 shall be permitted to question the validity or regularity of the bonds,
19 obligations, or tax in any court or in any action or proceeding.

20 §508. Applicability of general bond laws

21 Bonds issued under this Part shall be further subject to R.S. 39:244,
22 Chapters 13, 13-A, and 14 of Subtitle III all of this Title 39 of the Louisiana
23 Revised Statutes of 1950, provided that in the event of any conflict between this
24 Part and the provisions of said R.S. 39:244, Chapters 13, 13-A, or 14, then the
25 provisions of this Part shall apply to any bonds issued under this Part.

26 §509. Peremption

27 Every ordinance or resolution authorizing the issuance of bonds under
28 this Part shall be published at least once in the official journal of the
29 governmental entity issuing the bonds, or in a newspaper having general

1 circulation therein. Exhibits to any such ordinance or resolution need not be
2 published if the exhibits are enumerated in the publication and it is stated in the
3 publication that such exhibits are available for public inspection at the office of
4 the governing authority during regular business hours. For thirty days after the
5 date of publication, any person in interest may contest the legality of the
6 ordinance or resolution and of any provision therein made for the security and
7 payment of the bonds. After that time, no one shall have any cause of action to
8 test the regularity, formality, legality, or effectiveness of the ordinance or
9 resolution, and provisions thereof for any cause whatever. Thereafter, it shall
10 be conclusively presumed that every legal requirement for the issuance of the
11 bonds, including all things pertaining to the election, if any, at which the bonds
12 were authorized, has been complied with. No court shall have authority to
13 inquire into any of these matters after the thirty days.

14 §510. Notice of default

15 Any governmental entity that has issued bonds under this Part shall
16 notify the State Bond Commission in writing when:

17 (1) Any required deposit to any debt service sinking fund in connection
18 with such bonds has not been made within five business days of when due.

19 (2) The principal, interest, premium, or any other payment due on such
20 bonds has not been made within five business days of when due.

21 §511. Exemption from taxation; legal investments

22 A. All bonds issued under this Part and the interest or other income
23 thereon or with respect thereto shall be exempt from all income tax and other
24 taxation in Louisiana.

25 B. All bonds issued under this Part shall be legal and authorized
26 investments for banks, savings banks, insurance companies, homestead and
27 building loan associations, trustees, and other fiduciaries and may be used for
28 deposit with any officer, board, or political subdivision, in any case where, by
29 present or future laws, deposit or security is required.

1 **§512. Bonds negotiable and incontestable**

2 **Bonds issued under this Part shall have all the qualities of negotiable**
3 **paper and shall not be invalid for any irregularity or defect in the proceedings**
4 **for their issuance and sale, and shall be incontestable in the hands of bona fide**
5 **purchasers or owners for value.**

6 **§513. Application of proceeds**

7 **A. The proceeds of bonds issued under this Part shall be used exclusively**
8 **for the purpose or purposes for which the bonds are authorized to be issued,**
9 **including but not limited to the payment of costs of issuance, the cost of funding**
10 **any required debt service reserves, the cost of credit enhancement or the cost**
11 **of a financial products agreement. The purchaser of the bonds shall not be**
12 **obliged to see to the application thereof. In the event that the governing**
13 **authority of the governmental entity that issued bonds determines that all or**
14 **part of the proceeds of the sale of such bonds are no longer needed or required**
15 **for the purpose for which the bonds were originally issued, the governing**
16 **authority may rededicate such unexpended proceeds for a different purpose,**
17 **provided that such different purpose is one for which the bonds could have been**
18 **originally issued, or it may utilize the unexpended proceeds to prepay or redeem**
19 **such bonds.**

20 **B. Any premium received by a governmental entity in connection with**
21 **the sale of bonds shall be expended for:**

22 **(1) Any purpose for which the bonds are being issued and deposited in**
23 **the same account into which the bond proceeds are deposited for such purpose.**

24 **(2) The payment of the principal or the interest on the bonds and shall**
25 **be deposited in a sinking fund or debt service fund established for such purpose.**

26 **C. Any accrued interest received by a governmental entity in connection**
27 **with the sale of bonds shall be applied to the payment of principal or interest on**
28 **such bonds, and deposited in a sinking fund or debt service fund established for**
29 **such purpose.**

1 **§514. Bond validation**

2 Bonds issued under this Part may be validated in accordance with Part
3 XVI of Chapter 32 of Title 13 of the Louisiana Revised Statutes of 1950, or any
4 successor laws relating to suits to determine validity of governmental bonds.

5 **§515. Lost, destroyed, or cancelled bonds**

6 A. Whenever any bond is lost, destroyed, or improperly cancelled, the
7 issuing governmental entity may, by resolution of its governing body, authorize
8 the issuance of new bonds to replace them, upon proof of such loss, destruction,
9 or cancellation satisfactory to the governmental entity and upon the giving to
10 the governmental entity an indemnity bond in such amount as the governmental
11 entity thereof may require. The new bond shall in all respects be identical with
12 those lost, destroyed, or cancelled except that it shall bear on its face the
13 following additional clause:

14 "This bond is issued to replace a lost, cancelled, or destroyed
15 bond under the authority of R.S. 39:515."

16 B. Such new bond shall be signed by the same officers who signed the
17 original bond, provided, however, that in the event the officers who signed the
18 original bonds are no longer in office, then the new bond shall be signed by the
19 officers then in office.

20 C. If the original bond was registered in the office of the secretary of
21 state, and bore a certificate evidencing such registration signed by the secretary
22 of state, then the new bond shall not be required to be registered in the office of
23 the secretary of state.

24 D. The obligation of the governmental entity upon the new bond shall be
25 identical with its obligation upon the original bond, and the rights of the owner,
26 including any statutory lien granted by this Part or the proceedings authorizing
27 the original bond, shall be the same as those conferred by the original bond.

28 **§516. Employment of counsel; fees**

29 The employment of counsel by a governmental entity in conjunction with

1 the issuance of bonds under this Part, and the fees and compensation of such
2 counsel, shall not be subject to approval by the attorney general provided that
3 said fees and compensation do not exceed the attorney general fee schedule or
4 other statutory limitations, in which case such employment and payment of fees
5 and compensation shall be deemed lawful.

6 §517. No other statutes applicable

7 This Part shall be a complete and additional method for the issuance and
8 sale of bonds by any governmental entity, and this Part shall constitute full
9 authority for the issuance and sale of the bonds authorized herein. No
10 ordinance, resolution, filing, registration, approval, publication, election, or
11 right of referendum in respect to the issuance of any bonds hereunder or for the
12 perfection of the statutory lien provided herein shall be necessary, except such
13 as may be required by this Part. The recordation of any resolution, ordinance,
14 or other proceeding relating to the issuance of bonds, except for any mortgage
15 securing bonds, shall not be required by this Part. Any publication prescribed
16 hereby may be made in the official journal or in any newspaper of general
17 circulation within the governmental entity.

18 SUBPART B. AUTHORITY FOR SPECIFIC BONDS

19 §521. General obligation bonds

20 A. Any governmental entity may incur debt and issue general obligation
21 bonds under the authority of Article VI, Section 33 of the Constitution of
22 Louisiana and this Part, for the purpose of financing any capital expenditures
23 related to the lawful purposes of the governmental entity, title to which shall be
24 in the public. Such bonds may be issued only after having been approved by a
25 majority of the electors who vote in an election held in accordance with the
26 Louisiana Election Code for the purpose of approving the issuance of the bonds.
27 The proposition submitted to the electors shall state the maximum principal
28 amount of bonds to be issued, the maximum term, which shall not exceed forty
29 years, the maximum interest rate, the purposes for which the bonds are

1 proposed to be issued, and the estimated millage rate to be levied for the
2 repayment of such bonds in the first year of issue.

3 B. After the results of the election have been promulgated in accordance
4 with the Louisiana Election Code, the governing authority of the governmental
5 entity may proceed to issue the bonds within the parameters approved by the
6 electors.

7 C.(1) The principal amount of bonds to be issued under this Section,
8 together with the principal amount of outstanding general obligation bonds of
9 the governmental entity, as calculated on the total assessed value of the
10 governmental entity, as shown on the most recent assessment prior to the
11 delivery of the bonds, regardless of the date on which the election was held, shall
12 not exceed:

13 (a) For school boards and school districts thirty-five percent.

14 (b) For municipalities and parishes ten percent for each authorized
15 purpose or thirty-five percent in the aggregate for all purposes.

16 (c) For all other governmental entities twenty percent in the aggregate
17 for all purposes.

18 (2) In the event that the total assessed value of the governmental entity
19 does not appear on the most recent assessment prior to the delivery of the
20 bonds, or if the boundaries of the government entity have been enlarged or
21 significant property added to the total assessed value since the most recent
22 assessment, then the parish or municipal assessor for such governmental entity
23 shall certify the total assessed value of the governmental entity as of the date of
24 delivery of the bonds and such certification shall be used for calculating the
25 debt limits set forth in this Section.

26 (3) Notwithstanding the foregoing, any governmental entity with a
27 general obligation debt limit under any other provision of law that is in excess
28 of the debt limit set forth in Paragraph (1) of this Subsection may issue general
29 obligation bonds under this Part using such higher debt limit.

1 D.(1) The full faith and credit of the government entity is hereby pledged
2 to the payment of general obligation bonds issued by such governmental entity
3 under this Part. The governing authority of any governmental entity issuing
4 general obligation bonds under this Part shall impose and collect annually, for
5 as long as any of its general obligation bonds are outstanding and unpaid, in
6 excess of all other taxes and without limit as to rate or amount, a tax on all
7 property subject to taxation by the governmental entity sufficient to pay the
8 interest and the principal falling due each year, or such amount as may be
9 required for any sinking fund necessary to retire said bonds at maturity. The
10 tax shall be levied and collected, for as long as any of its general obligation
11 bonds are outstanding and unpaid by the same officers, at the same time, and
12 in the same manner as the general taxes of the governmental entity and, except
13 as provided in Paragraph (6) of this Subsection, may be expended solely for
14 payment of debt service on such bonds and administrative expenses relating
15 thereto, such as trustee or paying agent fees and other costs directly related to
16 the administration of such bonds. Should the governmental entity neglect or
17 fail for any reason to impose or collect sufficient taxes for the payment of the
18 principal or interest of any bonds issued hereunder, any person in interest may
19 enforce imposition and collection thereof in any court having jurisdiction of the
20 subject matter, and any suit, action, or proceeding brought by such person in
21 interest shall be a preferred cause, and shall be heard and disposed of without
22 delay.

23 (2) For the purpose of reducing the overall tax burden on taxpayers and
24 easing the administrative burden of accounting for separate tax levies, any
25 governmental entity with more than one outstanding issue or series of general
26 obligation bonds shall levy a single unified tax for the payment of all of such
27 issues or series.

28 (3) As additional security for the owners of general obligation bonds
29 issued by any special service district that has been created by a parish or

1 municipal governing authority pursuant to a general state law, if there is any
2 default in the imposition and collection of any tax required for the payment of
3 the principal or interest of any general obligation bonds issued by such special
4 service district, then the governing authority of the municipality or parish that
5 created the special service district shall impose and the taxing officers of the
6 parish in which the special service district is situated shall collect at the same
7 time and in the same manner as taxes for parish purposes are imposed and
8 collected, such tax on the taxable property of the special service district as shall
9 be necessary for the payment of the principal and interest on the general
10 obligation bonds of such special service district.

11 (4) All the articles and provisions of the Constitution of Louisiana, and
12 all the laws in force or that may be enacted on and after the effective date of this
13 Section regulating and relating to the collection of taxes and tax sales shall also
14 apply to and regulate the collection of the special taxes imposed under the
15 provisions of this Part, through the officer whose duty it is to collect the taxes
16 and monies due the subdivision imposing the special taxes.

17 (5) As additional security for the owners of all general obligation bonds
18 issued by any governmental entity, in the event of any default in the imposition
19 and collection of the taxes required for the payment of such bonds the taxing
20 officers of the state are further authorized and directed to impose and collect
21 the taxes, and shall certify the same, and cause the same to be imposed and
22 collected at the same time and in the same manner as the taxes for state
23 purposes are imposed and collected in the subdivision incurring the debt.

24 (6) Upon the payment in full of general obligation bonds, if any excess
25 monies remain in the sinking fund or debt service fund for such bonds, such
26 monies shall be retained therein for the payment of any other outstanding
27 general obligation bonds of the governmental entity, or if the governmental
28 entity has no other outstanding general obligation bonds then such monies may
29 be expended for capital projects similar to those for which the bonds were

1 originally issued.

2 §522. Limited tax bonds secured by special ad valorem taxes

3 A. Any governmental entity may anticipate the revenues to be realized
4 from special ad valorem taxes that are authorized to be levied pursuant to
5 provisions of the constitution and laws of Louisiana by borrowing money to be
6 used only for the purpose for which such a tax may be levied. Such a borrowing
7 shall be evidenced by limited tax bonds of the governmental entity, said limited
8 tax bonds to be payable solely from and secured by an irrevocable pledge and
9 dedication of the revenues of such tax.

10 B. The principal and interest due in any year on limited tax bonds issued
11 under this Section shall not exceed seventy-five percent of the revenues
12 estimated to be realized from the levy of the tax so pledged for the calendar year
13 in which such limited tax bonds are issued, regardless of the date on which the
14 revenues are anticipated to be received. A governmental entity shall not
15 anticipate such revenues for a period that exceeds the remaining number of
16 years for which the special ad valorem or limited tax, as the case may be, is
17 authorized to be levied.

18 C. The principal of limited tax bonds issued under this Section shall be
19 made due and payable annually not later than June first of each future year in
20 which principal falls due.

21 §523. Sales tax bonds

22 A. A governmental entity that is authorized to levy and collect a sales tax
23 or a municipality or school board that receives an allocation of a sales tax levied
24 by a parish, may fund sales tax revenues into bonds and issue the bonds from
25 time to time for the purpose or purposes for which such tax may be levied, the
26 bonds to be payable from and secured by an irrevocable pledge and dedication
27 of sales tax revenues subject only to the prior payment of the costs and expenses
28 of collection and administration of such tax.

29 B. Any governmental entity, including the city of New Orleans,

1 previously authorized to issue sales tax bonds under the provisions of Subpart
2 F of Part III of Chapter 4 of Title 39 of the Louisiana Revised Statutes of 1950,
3 is specifically authorized to issue sales tax bonds pursuant to this Section in the
4 alternative, without the necessity of any further authorization or voter
5 approval.

6 C. The maturities of sales tax bonds shall be so arranged that the total
7 amount of principal and interest falling due in any fiscal year of the
8 governmental entity, together with principal and interest falling due in such
9 fiscal year on all bonds payable from the same sales tax theretofore issued and
10 then outstanding, shall never exceed seventy-five percent of the amount of sales
11 tax revenues estimated by the governing authority to be received by it in the
12 fiscal year in which the bonds are issued. The final maturity of sales tax bonds
13 shall be no later than twenty-five years from the date of issuance or the ninety
14 days following the expiration date of the pledged sales tax, whichever occurs
15 first.

16 D. Bonds issued under this Section shall constitute a borrowing solely
17 upon the credit of the sales tax revenues received or to be received by the
18 governmental entity and shall not constitute an indebtedness or pledge of the
19 general credit of the governmental entity within the meaning of any
20 constitutional or statutory provision relating to the incurring of indebtedness,
21 and the bonds shall contain a recital to that effect.

22 E. As specified by Article VI, Section 29 of the Constitution of Louisiana,
23 when any bonds shall have been issued under this Section, neither the
24 legislature, the governing authority, nor any other authority shall discontinue
25 or decrease the sales tax or permit to be discontinued or decreased the sales tax
26 in anticipation of the collection of which such bonds have been issued, or in any
27 way make any change in the allocation and dedication of the proceeds of such
28 sales tax which would diminish the amount of the sales tax revenues to be
29 received by the governmental entity until all of such bonds shall have been

1 retired as to principal and interest, and there is hereby vested in the owners and
2 holders from time to time of such bonds a contractual right under the
3 provisions of this Part.

4 **§524. Revenue bonds**

5 A. Any governmental entity may issue revenue bonds to construct,
6 acquire, extend, or improve any system or work of public improvement. Such
7 bonds may be secured by a mortgage on the lands, buildings, machinery, and
8 equipment so improved as well as by the pledge of the income and revenues
9 derived or to be derived from the system or work of public improvement owned,
10 leased, or operated by such governmental entity, sufficient in amount to pay the
11 principal of and the interest on such bonds as they severally mature, and such
12 bonds and other debt obligations shall not be a charge upon the other income
13 and revenues of the governmental entity as prohibited under the provisions of
14 Article VI, Section 37 of the Constitution of Louisiana. Any project or
15 undertaking by any such governmental entity from which revenue is or will be
16 derived, whether by lease, rents, fees, charges, or otherwise, shall be considered
17 a revenue-producing work of public improvement within the meaning of this
18 Section.

19 B. Revenue bonds issued under this Section shall mature at such time or
20 times not exceeding thirty years from their respective dates, except that revenue
21 bonds sold exclusively to any governmental agency of the United States may
22 mature at such time or times not exceeding forty years from their respective
23 dates.

24 C. Revenue bonds issued under this Section shall be payable solely from
25 the revenues derived from the system or work of public improvement,
26 constructed, acquired, extended, or improved with the proceeds thereof,
27 sufficient in amount at all times to meet the required debt service, subject only
28 to prior payment of reasonable and necessary expenses of operating and
29 maintaining such system or work of public improvement. In connection with the

1 construction, acquisition, extension, or improvement of any such
2 revenue-producing system or work of public improvement, any governmental
3 entity is authorized to accept, receive, receipt for, disburse, and expend federal
4 and state monies and other monies, public or private, whether available by
5 grant or loan, or both, for such purposes. Without creating a charge on such
6 revenues, the governmental entity may, in the proceedings authorizing the
7 issuance of revenue bonds under this Section, provide for the use of other taxes
8 or revenues either for the payment of the required debt service on such revenue
9 bonds, or for the payment of reasonable and necessary expenses of operating
10 and maintaining such system or work of public improvement.

11 D. The system or work of public improvement shall remain subject to
12 such pledge of revenues or mortgage as may have been authorized by the
13 governing authority under the authority of this Part until the payment in full
14 of the principal and interest on said bonds, and the mortgage or pledge may be
15 foreclosed by seizure and sale of the encumbered property in a manner
16 provided by law for the foreclosure of conventional mortgages including the
17 right to executory process.

18 E. When any sale of the mortgaged property is held under the provisions
19 of this Section, the purchaser at the sale, and his successor or assigns, shall be
20 vested with any necessary permit and franchise to maintain and operate the
21 property purchased, and to continue to supply to the public the commodities,
22 products, or services previously supplied by the work of public improvement,
23 with the same powers and privileges previously enjoyed by the governmental
24 entity in the operation of said work of public improvement. This franchise shall
25 continue for such period, not exceeding thirty years, as may be fixed by the
26 governing authority in the resolution authorizing the bonds and shall be subject
27 to all statutory limitations pertaining to the granting of permits or franchises.

28 F. Any proceedings authorizing the issuance of bonds under this Section
29 may provide for creation of a sinking fund into which shall be paid from the

1 pledged revenues of the system or work of public improvement, subject only to
2 prior payment of the reasonable and necessary expenses of operating and
3 maintaining the system or work of public improvement, sums sufficient to pay
4 principal of and interest on such bonds and to create such reserve for
5 contingencies as may be provided in such proceedings. The monies in the
6 sinking fund may be applied to the payment of interest on and principal of the
7 bonds or to the purchase or retirement of the bonds prior to maturity in such
8 manner as may be provided in the proceedings.

9 G. The proceedings authorizing the issuance of bonds under this Section
10 may contain such covenants with the future owners of the bonds as to the
11 management and operation of the system or work of public improvement, the
12 imposition and collection of fees and charges for the products, commodities, or
13 services furnished thereby, the disposition of fees and revenues, the issuance of
14 future bonds, and the creation of future liens and encumbrances against the
15 system or work of public improvement and the revenues thereof, the carrying
16 of insurance on the properties constituting such work of system or work of
17 public improvement, the disposition of the proceeds of the insurance, and other
18 pertinent matters, as may be deemed necessary by the governing authority to
19 assure the marketability of the bonds, provided these covenants are not
20 inconsistent with the provisions of this Section.

21 H. When any governmental entity has issued revenue bonds and pledged
22 the revenues of any system or work of public improvement in whole or in part
23 for payment thereof, it shall impose and collect fees and charges for the
24 products, commodities, and services furnished by such system or work of public
25 improvement, including those furnished to the subdivision itself and its various
26 agencies and departments, in such amounts and at rates as shall be sufficient at
27 all times to pay the expenses of operating and maintaining the system or work
28 of public improvement; provide a sinking fund sufficient to assure the prompt
29 payment of principal and interest on the bonds as each falls due; provide such

1 a reasonable fund for contingencies as may be required by the proceedings
2 authorizing the bonds or other debt obligation and provide an adequate
3 depreciation fund for those repairs, extensions, and improvements to the system
4 or work of public improvement as may be necessary to assure adequate and
5 efficient service to the public. No board or commission other than the governing
6 authority of the governmental entity shall have authority to fix or supervise
7 making of such fees and charges.

8 I. Notwithstanding the foregoing, a governing authority, in its discretion,
9 may authorize bonds payable from the revenues to be derived from two or more
10 systems or works of public improvement owned by the governmental entity, and
11 bonds may be so issued for the purpose of constructing, acquiring, extending,
12 or improving any one or more of those systems or works of public
13 improvements. Any bonds so issued shall be secured in the manner provided in
14 this Part on the property of such systems or works of public improvement in the
15 same manner as provided in those instances where bonds are issued payable
16 from the revenues of one system or work of public improvement only.

17 J. Revenue bonds shall not be issued under this Section until the
18 governing authority of the governmental entity has adopted an appropriate
19 resolution giving notice of its intention to issue such revenue bonds, including
20 a general description thereof and the security and source of repayment therefor,
21 and notice of this intention has been published in four consecutive weekly issues
22 of a newspaper of general circulation in the parish where the governmental
23 entity is located, setting forth a date and time when the governing authority will
24 meet in open and public session to hear any objections to the proposed issuance
25 of such bonds. If at such hearing a petition duly signed by electors of the
26 governmental entity in a number not less than five percent of the number of
27 electors voting at the last election held in the governmental entity object to the
28 issuance of the proposed bonds, then such bonds shall not be issued until
29 approved by a vote of a majority of the qualified electors of the governmental

1 entity who vote at a special election held for such purpose in the manner
2 provided by Chapter 6-A of Title 18 of the Louisiana Revised Statutes of 1950.
3 Any such petition shall be accompanied by a certificate of the parish registrar
4 of voters certifying that the signers of the petition are registered electors of the
5 governmental entity and the number of signers amount to not less than five
6 percent of the registered electors that voted in the last election held in said
7 governmental entity.

8 §525. Limited revenue bonds secured by a parcel fee or service charge

9 A. Any governmental entity that is authorized to levy a parcel fee or
10 service charge may anticipate the revenues to be realized from such parcel fee
11 or service charge voted pursuant to provisions of the constitution and laws of
12 Louisiana by borrowing money to be used only for the purpose for which such
13 parcel fee or service charge was voted; however, a governmental entity may not
14 anticipate such revenues for a period that exceeds the remaining number of
15 years for which the parcel fee or service charge, as the case may be, is
16 authorized to be levied. Such a borrowing shall be evidenced by limited revenue
17 bonds of the governmental entity, which limited revenue bonds shall be payable
18 solely from and secured by an irrevocable pledge and dedication of the revenues
19 of such parcel fee or service charge, as the case may be.

20 B. The principal and interest due in any fiscal year of the governmental
21 entity on such limited revenue bonds shall not exceed eighty percent of the
22 revenues estimated to be realized from the levy of such parcel fee or service
23 charge, as the case may be, for the fiscal year in which such limited revenue
24 bonds are issued. In applying the aforesaid test, all revenues estimated to be
25 realized from the levy of the parcel fee or service charge for the fiscal year in
26 which the bonds are issued, regardless of the date on which the revenues are
27 anticipated to be received, will be included in the estimated revenues for such
28 fiscal year.

29 C. The principal of the limited revenue bonds shall be made due and

1 payable annually not later than June first of each future year in which principal
2 falls due; provided that such limited revenue bonds shall mature not later than
3 June first in the year following the last year in which the parcel fee or service
4 charge, as the case may be, securing the borrowing is authorized to be levied.

5 D. Limited revenue bonds issued under this Section are not revenue
6 bonds within the meaning of Article VI, Section 37 of the Constitution of
7 Louisiana.

8 §526. Excess revenue bonds and certificates of indebtedness

9 A. Any governmental entity may issue excess revenue bonds or
10 certificates of indebtedness under this Section for the purpose of acquiring,
11 constructing, extending, or improving any work of public improvement, or for
12 acquiring movable vehicles or equipment, or for the payment of judgments,
13 noncapital contractual obligations, or employee benefits.

14 B. Bonds or certificates of indebtedness issued under this Section shall
15 be payable out of the revenues of subsequent years, after the payment from such
16 revenues of:

17 (1) All charges required by law or regulation.

18 (2) All contractual obligations.

19 (3) All necessary and usual charges provided for by ordinance or
20 resolution, excluding depreciation.

21 (4) All payments in respect of bonds for which a pledge or dedication of
22 specified taxes or revenues has been provided by law or in proceedings
23 authorizing such bonds, regardless of the date of issue of such bonds.

24 C. Bonds or certificates of indebtedness issued under this Section shall
25 have a maximum term not to exceed ten years.

26 §527. Revenue anticipation notes

27 Any governmental entity, in order to pay its current expenses for any
28 fiscal year, may issue revenue anticipation notes for the purpose of anticipating
29 the revenues for such fiscal year. Such revenue anticipation notes shall mature

1 not later than three months after the end of the fiscal year of the governmental
2 entity. The amount so borrowed by any governmental entity shall not exceed the
3 estimated income of the governmental entity as shown by the budget adopted
4 prior to such borrowing, and the income collected as shown by the adopted
5 budget shall be dedicated and set aside to the payment of the revenue
6 anticipation notes as they mature.

7 §528. Bond anticipation notes

8 A. Any governmental entity may authorize the issuance of bond
9 anticipation notes in one or more series in anticipation of the issuance of bonds
10 which it has duly and lawfully authorized. The proceeds of the sale of such
11 notes, exclusive of accrued interest, shall be used for the purpose of paying
12 capitalized interest on such notes for renewing the principal amount of
13 previously issued bond anticipation notes, and for the purpose for which the
14 anticipated bonds were authorized.

15 B. Bond anticipation notes shall be payable in principal from the
16 proceeds of the sale of the duly authorized bonds, from the sale of additional
17 bond anticipation notes, from revenue sources from which the anticipated bonds
18 securities are payable when issued, or from other lawfully available funds.
19 Interest on bond anticipation notes may be capitalized and paid from the
20 proceeds of the issue, paid from the revenue source from which the anticipated
21 bonds are payable when issued, or paid from other lawfully available funds.

22 C. The total amount of bond anticipation notes issued and outstanding
23 at any one time shall not exceed the principal amount of authorized bonds in
24 anticipation of which the bond anticipation notes were issued.

25 §529. Grant anticipation notes

26 A. A governmental entity may issue a grant anticipation note or notes in
27 anticipation of and upon the security of specified accounts receivable from the
28 state or the federal government, including without limitation, grants, loans, or
29 a combination of both, for which the governing authority of the governmental

1 entity finds and determines that funds have been appropriated and committed
2 to the governmental entity.

3 B. Grant or loan funds from the state or federal government for any
4 construction and improvement for which the governmental entity is authorized
5 to expend moneys shall be pledged for the payment of the note or notes and the
6 interest thereon. The note or notes and the interest thereon shall be a first lien
7 upon and charge against such grant or loan funds. Any notes issued pursuant
8 to this Section, to the extent not paid from grant or loan funds of the
9 governmental entity pledged for the payment thereof, at the discretion of the
10 governing authority of the governmental entity, may be paid as to principal and
11 interest from any taxes, income, revenue, cash receipts, or other monies of the
12 governmental entity lawfully available therefor and in accordance with the
13 provisions provided therefor in the resolution or ordinance authorizing their
14 issuance.

15 C. The proceeds of grant anticipation notes may be used and expended
16 by the governmental entity solely for the purpose for which the grant or loan is
17 to be received or for the retirement of the notes, except that income from the
18 investment of such proceeds may be used to pay costs associated with the facility
19 or improvements being financed from such grant or loan.

20 D. No grant anticipation note shall be issued if the grant or loan to be
21 received is for the construction of a facility or work of public improvement
22 unless the grant or loan agreement is in existence at the time of issuance of the
23 grant anticipation note.

24 E. Grant anticipation notes issued under this Section shall be payable not
25 later than five years after the date of issue.

26 F. No grant anticipation note or notes shall be issued by a governmental
27 entity pursuant to this Section in an amount which, when added to the amount
28 of any other such type note or notes outstanding at the time and issued in
29 anticipation of the same grant or loan, shall exceed ninety-five percent of the

1 grant or loan funds committed and appropriated to the governmental entity by
2 the granting or loaning authorities and payable within a thirty-six month period
3 from the date of issuance of such note or notes then being issued.

4 §530. Assessment certificates

5 Governmental entities are authorized to issue bonds to finance works of
6 public improvement secured by local or special assessments imposed pursuant
7 to the provisions of Article VI, Section 36 of the Constitution of Louisiana. The
8 certificates shall be issued in accordance with the procedures set forth in
9 Subpart A or Subpart B of Part I of Chapter 7 of Title 33 of the Louisiana
10 Revised Statutes of 1950.

11 §531. Refunding bonds

12 A. In addition to any other authority therefor, any governmental entity
13 is authorized to issue refunding bonds for the purpose of refunding, readjusting,
14 restructuring, refinancing, extending, or unifying the whole or any part of its
15 outstanding bonds in an amount sufficient to provide the funds necessary to
16 effectuate the purpose for which the refunding bonds are being issued and to
17 pay all costs associated therewith. Refunding bonds may be issued as part of a
18 multi-purpose issue.

19 B. Notwithstanding any general obligation debt limit established by law,
20 general obligation refunding bonds may be issued to refund outstanding general
21 obligation bonds at the same or at a lower effective rate of interest in
22 accordance with Article VI, Section 33(A) of the Constitution of Louisiana
23 without the necessity of further voter approval, provided that the term of the
24 outstanding bonds refunded shall not be extended and the principal and interest
25 payments on the refunding bonds is less in each calendar year than the principal
26 and interest in such calendar year on the outstanding bonds being refunded.

27 C. Refunding bonds issued to refund any bonds other than general
28 obligation bonds may be secured in the same manner as the bonds being
29 refunded or may be secured in such other manner as may be prescribed by the

1 governing authority of the governmental entity. If refunding bonds issued under
 2 this Subsection are proposed to be additionally secured by the full faith and
 3 credit of the governmental entity then they must be authorized at an election
 4 held by the governmental entity in accordance with the requirements of the
 5 constitution and laws of Louisiana pertaining to elections for the issuance of
 6 general obligation bonds.

7 D. The refunded bonds shall not be considered outstanding for the
 8 purpose of debt limitation laws restricting the amount of bonds that may be
 9 issued by any governmental entity.

10 * * *

11 §562. Limit of indebtedness

12 * * *

13 ~~C. Notwithstanding any contrary provision of this Section or of any other~~
 14 ~~law, the Except as otherwise provided by law, the governing authority of~~
 15 parishwide school districts and of special school districts, including the city school
 16 boards of the cities of Bogalusa and Monroe, which cities shall be treated as special
 17 school districts, may incur debt and issue bonds therefor for the purposes set out in
 18 R.S. 39:554 which, including the existing bonded debt of the subdivision for such
 19 purposes, may exceed ten ~~percentum~~ **percent** but shall not exceed ~~twenty-five~~
 20 ~~percentum~~ **thirty-five percent** of the assessed valuation of the taxable property of
 21 such subdivision, including both (1) ~~homestead-exempt~~ **homestead-exempt**
 22 property, which shall be included on the assessment roll for the purposes of
 23 calculating debt limitation, and (2) nonexempt property, as ascertained by the last
 24 assessment for the parish or local purposes prior to delivery of the bonds
 25 representing such debt, regardless of the date of the election at which said bonds
 26 were approved.

27 ~~D. Notwithstanding any contrary provision of this Section or of any other~~
 28 ~~law, the Except as otherwise provided by law, the governing authority of the~~
 29 parishwide school districts and of special school districts in the parishes of DeSoto,

1 Livingston, and Sabine may incur debt and issue bonds therefor for the purposes set
 2 out in R.S. 39:554 which, including the existing bonded debt of such subdivision for
 3 such purposes, may exceed ten percent but shall not exceed thirty-five percent of the
 4 assessed valuation of the taxable property of such subdivision, including both (1)
 5 ~~homestead-exempt~~ **homestead-exempt** property, which shall be included on the
 6 assessment roll for the purposes of calculating debt limitation, and (2) nonexempt
 7 property, as ascertained by the last assessment for the parish for local purposes prior
 8 to delivery of the bonds representing such debt, regardless of the date of the election
 9 at which said bonds were approved.

10 * * *

11 Section 2. R.S. 17:98, R.S. 39:563 through 578, 611 through 618, Subpart C of Part
 12 III of Chapter 4 of Subtitle II of Title 39 of the Louisiana Revised Statutes of 1950,
 13 comprised of R.S. 39:661 through 672, Subpart D of Part III of Chapter 4 of Subtitle II of
 14 Title 39 of the Louisiana Revised Statutes of 1950, comprised of R.S. 39:681 through 684,
 15 Subpart E of Part III of Chapter 4 of Subtitle II of Title 39 of the Louisiana Revised Statutes
 16 of 1950, comprised of R.S. 39:691 through 697, Subpart F of Part III of Chapter 4 of Subtitle
 17 II of Title 39 of the Louisiana Revised Statutes of 1950, comprised of R.S. 39:698.1 through
 18 698.13, R.S. 39:741 through 742.2, R.S. 39:743 through 748, Part VII of Chapter 4 of
 19 Subtitle II of Title 39 of the Louisiana Revised Statutes of 1950, comprised of R.S. 39:821
 20 through 842, Part IX of Chapter 4 of Subtitle II of Title 39 of the Louisiana Revised Statutes
 21 of 1950, comprised of R.S. 39:911 through 914, Part X of Chapter 4 of Subtitle II of Title
 22 39 of the Louisiana Revised Statutes of 1950, comprised of R.S. 39:931 through 934, Part
 23 XI of Chapter 4 of Subtitle II of Title 39 of the Louisiana Revised Statutes of 1950,
 24 comprised of R.S. 39:971 through 974, R.S. 39:1011 through 1024, Chapter 14-B of Subtitle
 25 III of Title 39 of the Louisiana Revised Statutes of 1950, comprised of R.S. 39:1460.1 and
 26 1460.2, and Chapter 18 of Subtitle III of Title 39 of the Louisiana Revised Statutes of 1950,
 27 comprised of R.S. 39:1801 through 1811, are hereby repealed in their entirety.

28 Section 3. The provisions of Sections 1 and 3 of this Act shall become effective on
 29 July 1, 2018; if vetoed by the governor and subsequently approved by the legislature, this

1 Act shall become effective on July 1, 2018, or on the day following such approval by the
 2 legislature, whichever is later. The provisions of Section 2 of this Act shall become effective
 3 on July 1, 2021.

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

DIGEST

SB 426 Reengrossed 2018 Regular Session LaFleur

The purpose of proposed law is to clarify, modernize, and make uniform the laws relating to the power of parishes, municipalities, school boards, school districts, and other political subdivision of the state to incur debt and to issue bonds and other evidences of indebtedness.

Proposed law retains present law.

Except as provided in proposed law relative to the application of proposed law to the city of New Orleans, any parish, municipality, school board, school district, or other political subdivision of the state, acting through its governing authority, is authorized to utilize proposed law.

Proposed law defines "bond", "costs of issuance", "credit enhancement", "financial products agreement", "governing authority", "governmental entity", "state", and "total assessed value" for purposes of proposed law.

Proposed law provides for the granting of a statutory lien and a security interest to the owners of any bonds issued pursuant to proposed law in such taxes, income, revenues, net revenues, monies, payments, receipts, agreements, contract rights, funds, or accounts as are pledged to the payment of the bonds. Proposed law provides that no other notice, filing, or other proceedings or provisions of law are required for the perfection or priority of such security interest.

Proposed law provides relative to the authorization, sale, execution, and registration of bonds.

Proposed law provides relative to the rights of bondholders, the validity of the bonds, and the applicability of general bond laws. Proposed law provides relative to preemption, notice of default, and the exemption from taxation of the interest on the bonds. Proposed law provides relative to the negotiability and incontestability of the bonds, the application of proceeds, and the validation of the bonds.

Proposed law provides relative to lost, destroyed, or cancelled bonds, the employment of counsel and fees, and the statutes which are not applicable to the bonds.

Proposed law provides relative to the authority and procedures for the issuance of general obligation bonds, limited tax bonds, sales tax bonds, revenue bonds, limited revenue bonds, excess revenue bonds, and certificates of indebtedness, revenue anticipation notes, bond anticipation notes, grant anticipation notes, assessment certificates, and refunding bonds.

Proposed law provides that the issuer, owner, or holder of any bond issued prior to July 1, 2018, is subject to the provisions of law under which the bond was originally issued.

CONCORDANCE TABLE

Unless otherwise indicated, the references in replacement columns below are to sections in Title 39 of the Revised Statutes of 1950. The replacement section may conform with, modify or change the existing section.

| | |
|--|----------------------------------|
| Present R.S. Title 17, Section 98..... | Proposed Replacement522 |
| Former R.S. Title 39, Section 563-618..... | Proposed Replacement521 |
| 661-672..... | |
| 681-697..... | |
| 698.1-698.13..... |523 |
| 741-742.2, 743-748..... |522, 527 |
| 821-842..... |524 |
| 911-914..... | |
| 931-934..... | |
| 971-974..... |515 |
| 1011-1024..... |527 |
| 1410.26..... |510 |
| 1444-1456..... |530 |
| 1460.1-1460.2..... |528 |
| 1801-1811..... |529 |

Sections 1 and 3 are effective July 1, 2018; Section 2 is effective July 1, 2021.

(Amends R.S. 39:562(C) and (D); adds R.S. 39:501-517 and 521-531; repeals R.S. 17:98, R.S. 39:563-578, 611-618, 661-672, 681-684, 691-697, 698.1-698.13, 741-742.2, 743-748, 821-842, 911-914, 931-934, 971-974, 1011-1024, 1460.1, 1460.2, and 1801-1811)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Amends R.S. 39:562(C) and (D), relative to the debt limit of parishwide school districts and special school districts to conform to La. Supreme Court decision.
2. Deletes definition of "general alimony tax".
3. Clarifies that the statutory lien will give a security interest in the taxes, income, revenues, net revenues, monies, payments, receipts, agreements, contract rights, funds or accounts as are pledged to the payment of the bonds.
4. Clarifies that additional parity bonds may be issued in the future as specified in the bond documents or as may be agreed to by the owners of any series of bonds.
5. Changes who has to notify the State Bond Commission if a deposit to a sinking fund or a bond payment is not paid timely from the chief executive officer or the chief financial officer to any governmental entity.
6. Clarifies that the calculation of the principal amount of general obligation bonds which can be issued is based on the total assessed value of the governmental entity, as shown on the most recent assessment prior to the delivery of the bonds.
7. Prohibits a governmental entity from issuing limited tax bonds secured by

revenues that exceed the remaining number of years for which the special ad valorem or limited tax is authorized to be levied.

8. Authorizes a municipality or a school board that receives a sales tax allocation from the parish to issue sales tax bonds.
9. Corrects the maximum percentage of revenues that the annual principal and interest payments shall not exceed from 75% to 80%.
10. Clarifies that necessary and usual charges shall not include depreciation for purposes of excess revenue bonds.
11. Adds R.S. 39:1410.62 to the list of statutes being repealed and makes the effective date of the repeal July 1, 2018. Changes date of repeal for all other statutes from January 1, 2019 to July 1, 2019.
12. Technical amendments.

Senate Floor Amendments to engrossed bill

1. Removes transitional provisions.
2. Changes date of repeal for statutes to July 1, 2021.
3. Provides that the issuer, owner, or holder of any bond issued prior to July 1, 2018, is subject to the provisions of law under which the bond was originally issued.
4. Requires an entity to notify the State Bond Commission when any required deposit to a debt service sinking fund or payment due on bonds has not been made within five business days of when due.
5. Authorizes school districts to issue revenue bonds.
6. Removes R.S. 39:1410.62 from the list of statutes being repealed.