

SENATE BILL NO. 426

BY SENATOR LAFLEUR

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

1 Revised Statutes of 1950, relative to the Consolidated Local Government
 2 Indebtedness Act; to consolidate and make uniform local government laws relative
 3 to the issuance of certain bonds and other evidences of indebtedness; to provide
 4 definitions; to provide for the statutory lien; to provide relative to the authorization,
 5 sale, execution, and registration of bonds; to provide relative to the rights of
 6 bondholders; to provide relative to the validity of bonds; to provide for the
 7 applicability of general bond laws; to provide for peremption; to provide for notice
 8 of default; to provide for the bonds to be exempt from taxation and to be legal
 9 investments; to provide for the negotiability and incontestability of the bonds; to
 10 provide for the application of proceeds; to provide for bond validation; to provide
 11 relative to lost, destroyed, or cancelled bonds; to provide relative to counsel fees; to
 12 provide relative to general obligation bonds; to provide relative to limited tax bonds
 13 and bonds payable from the general alimony tax; to provide relative to sales tax
 14 bonds; to provide relative to revenue bonds; to provide relative to limited revenue
 15 bonds; to provide relative to excess revenue bonds and certificates of indebtedness;
 16 to provide relative to bond anticipation notes; to provide relative to grant anticipation
 17 notes; to provide relative to assessment certificates; to provide relative to refunding
 18 bonds; to provide for an effective date; and to provide for related matters.

19 Be it enacted by the Legislature of Louisiana:

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

24 **PART II. CONSOLIDATED LOCAL**

25 **GOVERNMENT PUBLIC FINANCE ACT**

26 **SUBPART A. GENERAL PROVISIONS**

27 **§501. Designation**

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

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

1 **A. The purposes of this Part are to clarify, modernize, and make uniform**
2 **the laws relating to the powers of parishes, municipalities, school boards, school**
3 **districts, and other political subdivisions of the state to incur debt and to issue**
4 **bonds and other evidences of indebtedness.**

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

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

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

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

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

21 **§503. Definitions**

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

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

29 **(2) "Costs of issuance" means all items of expense related to the**
30 **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,
30 school district, or other political subdivision of the state, other than the city of

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

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

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

14 §504. Statutory lien

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

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

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

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

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

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

26 A. Each governing authority shall have authority to adopt all
27 proceedings necessary for the authorization, sale, and delivery of bonds,
28 including the right to enter into all contractual arrangements as may be
29 necessary to effectuate the purpose for which the bonds are being issued upon
30 terms determined by the governing authority. Bonds issued under this Part may

1 be issued by either resolution or ordinance, unless the use of a resolution or the
2 use of an ordinance is specifically required by law or home rule charter.

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

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

15 D. In addition to the foregoing, the proceedings authorizing the issuance
16 of bonds may provide that such bonds will be of such series, bear such date or
17 dates, mature at such time or times, bear interest at such rate or rates payable
18 at such times, be in such denominations, be in such form, carry such
19 registration and exchangeability privileges, be payable in such medium and at
20 such place or places within or without the state, be subject to such terms of
21 prepayment or redemption, be entitled to such priorities on the pledged taxes,
22 revenues, or other source of security, as such proceedings may provide. Bonds
23 shall be executed in the name of the governmental entity by the manual or
24 facsimile signatures of such official or officials of the governmental entity
25 designated by the governing authority in said proceedings. At least one
26 signature on each bond shall be a manual signature, which manual signature
27 may be an authenticating signature by a designated bank or other financial
28 institution or person, and facsimile signatures may be used in the manner
29 provided by law. The seal, or a facsimile thereof, of the governmental entity
30 may, but is not required to be affixed, imprinted, engraved, or otherwise

1 reproduced upon each bond. The delivery of any bonds so executed at any time
2 thereafter shall be valid, although before the date of delivery, any person or
3 persons signing the bonds shall cease to hold office.

4 §506. Rights of bondholders

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

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

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

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

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

20 §507. Validity of bonds; recital of regularity

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

24 "It is certified that this indebtedness is authorized by and is
25 issued in conformity with the requirements of the Constitution
26 and statutes of Louisiana."

27 Such recital shall be deemed to be an authorized declaration of the
28 governing authority and to import that there is constitutional and statutory
29 authority for issuing the bonds and imposing the pledged tax or providing for
30 the collection of the pledged revenues; that all the proceedings therefor are

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

14 §508. Applicability of general bond laws

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

20 §509. Peremption

21 Every ordinance or resolution authorizing the issuance of bonds under
22 this Part shall be published at least once in the official journal of the
23 governmental entity issuing the bonds, or in a newspaper having general
24 circulation therein. Exhibits to any such ordinance or resolution need not be
25 published if the exhibits are enumerated in the publication and it is stated in the
26 publication that such exhibits are available for public inspection at the office of
27 the governing authority during regular business hours. For thirty days after the
28 date of publication, any person in interest may contest the legality of the
29 ordinance or resolution and of any provision therein made for the security and
30 payment of the bonds. After that time, no one shall have any cause of action to

1 test the regularity, formality, legality, or effectiveness of the ordinance or
2 resolution, and provisions thereof for any cause whatsoever. Thereafter, it shall
3 be conclusively presumed that every legal requirement for the issuance of the
4 bonds, including all things pertaining to the election, if any, at which the bonds
5 were authorized, has been complied with. No court shall have authority to
6 inquire into any of these matters after the thirty days.

7 §510. Notice of default

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

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

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

14 §511. Exemption from taxation; legal investments

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

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

23 §512. Bonds negotiable and incontestable

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

28 §513. Application of proceeds

29 A. The proceeds of bonds issued under this Part shall be used exclusively
30 for the purpose or purposes for which the bonds are authorized to be issued,

1 including but not limited to the payment of costs of issuance, the cost of funding
 2 any required debt service reserves, the cost of credit enhancement or the cost
 3 of a financial products agreement. The purchaser of the bonds shall not be
 4 obliged to see to the application thereof. In the event that the governing
 5 authority of the governmental entity that issued bonds determines that all or
 6 part of the proceeds of the sale of such bonds are no longer needed or required
 7 for the purpose for which the bonds were originally issued, the governing
 8 authority may rededicate such unexpended proceeds for a different purpose,
 9 provided that such different purpose is one for which the bonds could have been
 10 originally issued, or it may utilize the unexpended proceeds to prepay or redeem
 11 such bonds.

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

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

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

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

22 §514. Bond validation

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

26 §515. Lost, destroyed, or cancelled bonds

27 A. Whenever any bond is lost, destroyed, or improperly cancelled, the
 28 issuing governmental entity may, by resolution of its governing body, authorize
 29 the issuance of new bonds to replace them, upon proof of such loss, destruction,
 30 or cancellation satisfactory to the governmental entity and upon the giving to

1 the governmental entity an indemnity bond in such amount as the governmental
2 entity thereof may require. The new bond shall in all respects be identical with
3 those lost, destroyed, or cancelled except that it shall bear on its face the
4 following additional clause:

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

7 B. Such new bond shall be signed by the same officers who signed the
8 original bond, provided, however, that in the event the officers who signed the
9 original bonds are no longer in office, then the new bond shall be signed by the
10 officers then in office.

11 C. If the original bond was registered in the office of the secretary of
12 state, and bore a certificate evidencing such registration signed by the secretary
13 of state, then the new bond shall not be required to be registered in the office of
14 the secretary of state.

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

19 §516. Employment of counsel; fees

20 The employment of counsel by a governmental entity in conjunction with
21 the issuance of bonds under this Part, and the fees and compensation of such
22 counsel shall be subject to approval by the attorney general and shall not exceed
23 the attorney general fee schedule or other statutory limitations for fees and
24 compensation.

25 §517. No other statutes applicable

26 This Part shall be a complete and additional method for the issuance and
27 sale of bonds by any governmental entity, and this Part shall constitute full
28 authority for the issuance and sale of the bonds authorized herein. No
29 ordinance, resolution, filing, registration, approval, publication, election, or
30 right of referendum in respect to the issuance of any bonds hereunder or for the

1 perfection of the statutory lien provided herein shall be necessary, except such
2 as may be required by this Part. The recordation of any resolution, ordinance,
3 or other proceeding relating to the issuance of bonds, except for any mortgage
4 securing bonds, shall not be required by this Part. Any publication prescribed
5 hereby may be made in the official journal or in any newspaper of general
6 circulation within the governmental entity.

7 SUBPART B. AUTHORITY FOR SPECIFIC BONDS

8 §521. General obligation bonds

9 A. Any governmental entity may incur debt and issue general obligation
10 bonds under the authority of Article VI, Section 33 of the Constitution of
11 Louisiana and this Part, for the purpose of financing any capital expenditures
12 related to the lawful purposes of the governmental entity, title to which shall be
13 in the public. Such bonds may be issued only after having been approved by a
14 majority of the electors who vote in an election held in accordance with the
15 Louisiana Election Code for the purpose of approving the issuance of the bonds.
16 The proposition submitted to the electors shall state the maximum principal
17 amount of bonds to be issued, the maximum term, which shall not exceed forty
18 years, the maximum interest rate, the purposes for which the bonds are
19 proposed to be issued, and the estimated millage rate to be levied for the
20 repayment of such bonds in the first year of issue.

21 B. After the results of the election have been promulgated in accordance
22 with the Louisiana Election Code, the governing authority of the governmental
23 entity may proceed to issue the bonds within the parameters approved by the
24 electors.

25 C.(1) The principal amount of bonds to be issued under this Section,
26 together with the principal amount of outstanding general obligation bonds of
27 the governmental entity, as calculated on the total assessed value of the
28 governmental entity, as shown on the most recent assessment prior to the
29 delivery of the bonds, regardless of the date on which the election was held, shall
30 not exceed:

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

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

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

6 (2) In the event that the total assessed value of the governmental entity
7 does not appear on the most recent assessment prior to the delivery of the
8 bonds, or if the boundaries of the government entity have been enlarged or
9 significant property added to the total assessed value since the most recent
10 assessment, then the parish or municipal assessor for such governmental entity
11 shall certify the total assessed value of the governmental entity as of the date of
12 delivery of the bonds and such certification shall be used for calculating the
13 debt limits set forth in this Section.

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

18 D.(1) The full faith and credit of the government entity is hereby pledged
19 to the payment of general obligation bonds issued by such governmental entity
20 under this Part. The governing authority of any governmental entity issuing
21 general obligation bonds under this Part shall impose and collect annually, for
22 as long as any of its general obligation bonds are outstanding and unpaid, in
23 excess of all other taxes and without limit as to rate or amount, a tax on all
24 property subject to taxation by the governmental entity sufficient to pay the
25 interest and the principal falling due each year, or such amount as may be
26 required for any sinking fund necessary to retire said bonds at maturity. The
27 tax shall be levied and collected, for as long as any of its general obligation
28 bonds are outstanding and unpaid by the same officers, at the same time, and
29 in the same manner as the general taxes of the governmental entity and, except
30 as provided in Paragraph (6) of this Subsection, may be expended solely for

1 payment of debt service on such bonds and administrative expenses relating
2 thereto, such as trustee or paying agent fees and other costs directly related to
3 the administration of such bonds. Should the governmental entity neglect or
4 fail for any reason to impose or collect sufficient taxes for the payment of the
5 principal or interest of any bonds issued hereunder, any person in interest may
6 enforce imposition and collection thereof in any court having jurisdiction of the
7 subject matter, and any suit, action, or proceeding brought by such person in
8 interest shall be a preferred cause, and shall be heard and disposed of without
9 delay.

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

15 (3) As additional security for the owners of general obligation bonds
16 issued by any special service district that has been created by a parish or
17 municipal governing authority pursuant to a general state law, if there is any
18 default in the imposition and collection of any tax required for the payment of
19 the principal or interest of any general obligation bonds issued by such special
20 service district, then the governing authority of the municipality or parish that
21 created the special service district shall impose and the taxing officers of the
22 parish in which the special service district is situated shall collect at the same
23 time and in the same manner as taxes for parish purposes are imposed and
24 collected, such tax on the taxable property of the special service district as shall
25 be necessary for the payment of the principal and interest on the general
26 obligation bonds of such special service district.

27 (4) All the articles and provisions of the Constitution of Louisiana, and
28 all the laws in force or that may be enacted on and after July 1, 2018, regulating
29 and relating to the collection of taxes and tax sales shall also apply to and
30 regulate the collection of the special taxes imposed under the provisions of this

1 Part, through the officer whose duty it is to collect the taxes and monies due the
2 subdivision imposing the special taxes.

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

10 (6) Upon the payment in full of general obligation bonds, if any excess
11 monies remain in the sinking fund or debt service fund for such bonds, such
12 monies shall be retained therein for the payment of any other outstanding
13 general obligation bonds of the governmental entity, or if the governmental
14 entity has no other outstanding general obligation bonds then such monies may
15 be expended for capital projects similar to those for which the bonds were
16 originally issued.

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

18 A. Any governmental entity may anticipate the revenues to be realized
19 from special ad valorem taxes that are authorized to be levied pursuant to
20 provisions of the constitution and laws of Louisiana by borrowing money to be
21 used only for the purpose for which such a tax may be levied. Such a borrowing
22 shall be evidenced by limited tax bonds of the governmental entity, such limited
23 tax bonds to be payable solely from and secured by an irrevocable pledge and
24 dedication of the revenues of such tax.

25 B. The principal and interest due in any year on limited tax bonds issued
26 under this Section shall not exceed seventy-five percent of the revenues
27 estimated to be realized from the levy of the tax so pledged for the calendar year
28 in which such limited tax bonds are issued, regardless of the date on which the
29 revenues are anticipated to be received. A governmental entity shall not
30 anticipate such revenues for a period that exceeds the remaining number of

1 years for which the special ad valorem or limited tax, as the case may be, is
2 authorized to be levied.

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

6 §523. Sales tax bonds

7 A. A governmental entity that is authorized to levy and collect a sales tax
8 or a municipality or school board that receives an allocation of a sales tax levied
9 by a parish, may fund sales tax revenues into bonds and issue the bonds from
10 time to time for the purpose or purposes for which such tax may be levied, the
11 bonds to be payable from and secured by an irrevocable pledge and dedication
12 of sales tax revenues subject only to the prior payment of the costs and expenses
13 of collection and administration of such tax.

14 B. Any governmental entity, including the city of New Orleans,
15 previously authorized to issue sales tax bonds under the provisions of Subpart
16 F of Part III of Chapter 4 of Title 39 of the Louisiana Revised Statutes of 1950,
17 is specifically authorized to issue sales tax bonds pursuant to this Section in the
18 alternative, without the necessity of any further authorization or voter
19 approval.

20 C. The maturities of sales tax bonds shall be so arranged that the total
21 amount of principal and interest falling due in any fiscal year of the
22 governmental entity, together with principal and interest falling due in such
23 fiscal year on all bonds payable from the same sales tax theretofore issued and
24 then outstanding, shall never exceed seventy-five percent of the amount of sales
25 tax revenues estimated by the governing authority to be received by it in the
26 fiscal year in which the bonds are issued. The final maturity of sales tax bonds
27 shall be no later than twenty-five years from the date of issuance or the ninety
28 days following the expiration date of the pledged sales tax, whichever occurs
29 first.

30 D. Bonds issued under this Section shall constitute a borrowing solely

1 upon the credit of the sales tax revenues received or to be received by the
2 governmental entity and shall not constitute an indebtedness or pledge of the
3 general credit of the governmental entity within the meaning of any
4 constitutional or statutory provision relating to the incurring of indebtedness,
5 and the bonds shall contain a recital to that effect.

6 E. As specified by Article VI, Section 29 of the Constitution of Louisiana,
7 when any bonds shall have been issued under this Section, neither the
8 legislature, the governing authority, nor any other authority shall discontinue
9 or decrease the sales tax or permit to be discontinued or decreased the sales tax
10 in anticipation of the collection of which such bonds have been issued, or in any
11 way make any change in the allocation and dedication of the proceeds of such
12 sales tax which would diminish the amount of the sales tax revenues to be
13 received by the governmental entity until all of such bonds shall have been
14 retired as to principal and interest, and there is hereby vested in the owners and
15 holders from time to time of such bonds a contractual right under the
16 provisions of this Part.

17 §524. Revenue bonds

18 A. Any governmental entity may issue revenue bonds to construct,
19 acquire, extend, or improve any system or work of public improvement. Such
20 bonds may be secured by a mortgage on the lands, buildings, machinery, and
21 equipment so improved as well as by the pledge of the income and revenues
22 derived or to be derived from the system or work of public improvement owned,
23 leased, or operated by such governmental entity, sufficient in amount to pay the
24 principal of and the interest on such bonds as they severally mature, and such
25 bonds and other debt obligations shall not be a charge upon the other income
26 and revenues of the governmental entity as prohibited under the provisions of
27 Article VI, Section 37 of the Constitution of Louisiana. Any project or
28 undertaking by any such governmental entity from which revenue is or will be
29 derived, whether by lease, rents, fees, charges, or otherwise, shall be considered
30 a revenue-producing work of public improvement within the meaning of this

1 **Section.**

2 **B. Revenue bonds issued under this Section shall mature at such time or**
3 **times not exceeding thirty years from their respective dates, except that revenue**
4 **bonds sold exclusively to any governmental agency of the United States may**
5 **mature at such time or times not exceeding forty years from their respective**
6 **dates.**

7 **C. Revenue bonds issued under this Section shall be payable solely from**
8 **the revenues derived from the system or work of public improvement,**
9 **constructed, acquired, extended, or improved with the proceeds thereof,**
10 **sufficient in amount at all times to meet the required debt service, subject only**
11 **to prior payment of reasonable and necessary expenses of operating and**
12 **maintaining such system or work of public improvement. In connection with the**
13 **construction, acquisition, extension, or improvement of any such**
14 **revenue-producing system or work of public improvement, any governmental**
15 **entity is authorized to accept, receive, receipt for, disburse, and expend federal**
16 **and state monies and other monies, public or private, whether available by**
17 **grant or loan, or both, for such purposes. Without creating a charge on such**
18 **revenues, the governmental entity may, in the proceedings authorizing the**
19 **issuance of revenue bonds under this Section, provide for the use of other taxes**
20 **or revenues either for the payment of the required debt service on such revenue**
21 **bonds, or for the payment of reasonable and necessary expenses of operating**
22 **and maintaining such system or work of public improvement.**

23 **D. The system or work of public improvement shall remain subject to**
24 **such pledge of revenues or mortgage as may have been authorized by the**
25 **governing authority under the authority of this Part until the payment in full**
26 **of the principal and interest on said bonds, and the mortgage or pledge may be**
27 **foreclosed by seizure and sale of the encumbered property in a manner**
28 **provided by law for the foreclosure of conventional mortgages including the**
29 **right to executory process.**

30 **E. When any sale of the mortgaged property is held under the provisions**

1 of this Section, the purchaser at the sale, and his successor or assigns, shall be
2 vested with any necessary permit and franchise to maintain and operate the
3 property purchased, and to continue to supply to the public the commodities,
4 products, or services previously supplied by the work of public improvement,
5 with the same powers and privileges previously enjoyed by the governmental
6 entity in the operation of said work of public improvement. This franchise shall
7 continue for such period, not exceeding thirty years, as may be fixed by the
8 governing authority in the resolution authorizing the bonds and shall be subject
9 to all statutory limitations pertaining to the granting of permits or franchises.

10 F. Any proceedings authorizing the issuance of bonds under this Section
11 may provide for creation of a sinking fund into which shall be paid from the
12 pledged revenues of the system or work of public improvement, subject only to
13 prior payment of the reasonable and necessary expenses of operating and
14 maintaining the system or work of public improvement, sums sufficient to pay
15 principal of and interest on such bonds and to create such reserve for
16 contingencies as may be provided in such proceedings. The monies in the
17 sinking fund may be applied to the payment of interest on and principal of the
18 bonds or to the purchase or retirement of the bonds prior to maturity in such
19 manner as may be provided in the proceedings.

20 G. The proceedings authorizing the issuance of bonds under this Section
21 may contain such covenants with the future owners of the bonds as to the
22 management and operation of the system or work of public improvement, the
23 imposition and collection of fees and charges for the products, commodities, or
24 services furnished thereby, the disposition of fees and revenues, the issuance of
25 future bonds, and the creation of future liens and encumbrances against the
26 system or work of public improvement and the revenues thereof, the carrying
27 of insurance on the properties constituting such work of system or work of
28 public improvement, the disposition of the proceeds of the insurance, and other
29 pertinent matters, as may be deemed necessary by the governing authority to
30 assure the marketability of the bonds, provided these covenants are not

1 inconsistent with the provisions of this Section.

2 H. When any governmental entity has issued revenue bonds and pledged
3 the revenues of any system or work of public improvement in whole or in part
4 for payment thereof, it shall impose and collect fees and charges for the
5 products, commodities, and services furnished by such system or work of public
6 improvement, including those furnished to the subdivision itself and its various
7 agencies and departments, in such amounts and at rates as shall be sufficient at
8 all times to pay the expenses of operating and maintaining the system or work
9 of public improvement; provide a sinking fund sufficient to assure the prompt
10 payment of principal and interest on the bonds as each falls due; provide such
11 a reasonable fund for contingencies as may be required by the proceedings
12 authorizing the bonds or other debt obligation and provide an adequate
13 depreciation fund for those repairs, extensions, and improvements to the system
14 or work of public improvement as may be necessary to assure adequate and
15 efficient service to the public. No board or commission other than the governing
16 authority of the governmental entity shall have authority to fix or supervise
17 making of such fees and charges.

18 I. Notwithstanding the foregoing, a governing authority, in its discretion,
19 may authorize bonds payable from the revenues to be derived from two or more
20 systems or works of public improvement owned by the governmental entity, and
21 bonds may be so issued for the purpose of constructing, acquiring, extending,
22 or improving any one or more of those systems or works of public
23 improvements. Any bonds so issued shall be secured in the manner provided in
24 this Part on the property of such systems or works of public improvement in the
25 same manner as provided in those instances where bonds are issued payable
26 from the revenues of one system or work of public improvement only.

27 J. Revenue bonds shall not be issued under this Section until the
28 governing authority of the governmental entity has adopted an appropriate
29 resolution giving notice of its intention to issue such revenue bonds, including
30 a general description thereof and the security and source of repayment therefor,

1 and notice of this intention has been published in four consecutive weekly issues
2 of a newspaper of general circulation in the parish where the governmental
3 entity is located, setting forth a date and time when the governing authority will
4 meet in open and public session to hear any objections to the proposed issuance
5 of such bonds. If at such hearing a petition duly signed by electors of the
6 governmental entity in a number not less than five percent of the number of
7 electors voting at the last election held in the governmental entity object to the
8 issuance of the proposed bonds, then such bonds shall not be issued until
9 approved by a vote of a majority of the qualified electors of the governmental
10 entity who vote at a special election held for such purpose in the manner
11 provided by Chapter 6-A of Title 18 of the Louisiana Revised Statutes of 1950.
12 Any such petition shall be accompanied by a certificate of the parish registrar
13 of voters certifying that the signers of the petition are registered electors of the
14 governmental entity and the number of signers amount to not less than five
15 percent of the registered electors that voted in the last election held in said
16 governmental entity.

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

18 A. Any governmental entity that is authorized to levy a parcel fee or
19 service charge may anticipate the revenues to be realized from such parcel fee
20 or service charge voted pursuant to provisions of the constitution and laws of
21 Louisiana by borrowing money to be used only for the purpose for which such
22 parcel fee or service charge was voted; however, a governmental entity may not
23 anticipate such revenues for a period that exceeds the remaining number of
24 years for which the parcel fee or service charge, as the case may be, is
25 authorized to be levied. Such a borrowing shall be evidenced by limited revenue
26 bonds of the governmental entity, which limited revenue bonds shall be payable
27 solely from and secured by an irrevocable pledge and dedication of the revenues
28 of such parcel fee or service charge, as the case may be.

29 B. The principal and interest due in any fiscal year of the governmental
30 entity on such limited revenue bonds shall not exceed eighty percent of the

1 revenues estimated to be realized from the levy of such parcel fee or service
 2 charge, as the case may be, for the fiscal year in which such limited revenue
 3 bonds are issued. In applying the aforesaid test, all revenues estimated to be
 4 realized from the levy of the parcel fee or service charge for the fiscal year in
 5 which the bonds are issued, regardless of the date on which the revenues are
 6 anticipated to be received, will be included in the estimated revenues for such
 7 fiscal year.

8 C. The principal of the limited revenue bonds shall be made due and
 9 payable annually not later than June first of each future year in which principal
 10 falls due; provided that such limited revenue bonds shall mature not later than
 11 June first in the year following the last year in which the parcel fee or service
 12 charge, as the case may be, securing the borrowing is authorized to be levied.

13 D. Limited revenue bonds issued under this Section are not revenue
 14 bonds within the meaning of Article VI, Section 37 of the Constitution of
 15 Louisiana.

16 §526. Excess revenue bonds and certificates of indebtedness

17 A. Any governmental entity may issue excess revenue bonds or
 18 certificates of indebtedness under this Section for the purpose of acquiring,
 19 constructing, extending, or improving any work of public improvement, or for
 20 acquiring movable vehicles or equipment, or for the payment of judgments,
 21 noncapital contractual obligations, or employee benefits.

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

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

26 (2) All contractual obligations.

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

29 (4) All payments in respect of bonds for which a pledge or dedication of
 30 specified taxes or revenues has been provided by law or in proceedings

1 authorizing such bonds, regardless of the date of issue of such bonds.

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

4 §527. Revenue anticipation notes

5 Any governmental entity, in order to pay its current expenses for any
6 fiscal year, may issue revenue anticipation notes for the purpose of anticipating
7 the revenues for such fiscal year. Such revenue anticipation notes shall mature
8 not later than three months after the end of the fiscal year of the governmental
9 entity. The amount so borrowed by any governmental entity shall not exceed the
10 estimated income of the governmental entity as shown by the budget adopted
11 prior to such borrowing, and the income collected as shown by the adopted
12 budget shall be dedicated and set aside to the payment of the revenue
13 anticipation notes as they mature.

14 §528. Bond anticipation notes

15 A. Any governmental entity may authorize the issuance of bond
16 anticipation notes in one or more series in anticipation of the issuance of bonds
17 which it has duly and lawfully authorized. The proceeds of the sale of such
18 notes, exclusive of accrued interest, shall be used for the purpose of paying
19 capitalized interest on such notes for renewing the principal amount of
20 previously issued bond anticipation notes, and for the purpose for which the
21 anticipated bonds were authorized.

22 B. Bond anticipation notes shall be payable in principal from the
23 proceeds of the sale of the duly authorized bonds, from the sale of additional
24 bond anticipation notes, from revenue sources from which the anticipated bonds
25 securities are payable when issued, or from other lawfully available funds.
26 Interest on bond anticipation notes may be capitalized and paid from the
27 proceeds of the issue, paid from the revenue source from which the anticipated
28 bonds are payable when issued, or paid from other lawfully available funds.

29 C. The total amount of bond anticipation notes issued and outstanding
30 at any one time shall not exceed the principal amount of authorized bonds in

1 anticipation of which the bond anticipation notes were issued.

2 §529. Grant anticipation notes

3 A. A governmental entity may issue a grant anticipation note or notes in
4 anticipation of and upon the security of specified accounts receivable from the
5 state or the federal government, including without limitation, grants, loans, or
6 a combination of both, for which the governing authority of the governmental
7 entity finds and determines that funds have been appropriated and committed
8 to the governmental entity.

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

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

26 D. No grant anticipation note shall be issued if the grant or loan to be
27 received is for the construction of a facility or work of public improvement
28 unless the grant or loan agreement is in existence at the time of issuance of the
29 grant anticipation note.

30 E. Grant anticipation notes issued under this Section shall be payable not

1 later than five years after the date of issue.

2 F. No grant anticipation note or notes shall be issued by a governmental
3 entity pursuant to this Section in an amount which, when added to the amount
4 of any other such type note or notes outstanding at the time and issued in
5 anticipation of the same grant or loan, shall exceed ninety-five percent of the
6 grant or loan funds committed and appropriated to the governmental entity by
7 the granting or loaning authorities and payable within a thirty-six month period
8 from the date of issuance of such note or notes then being issued.

9 §530. Assessment certificates

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

16 §531. Refunding bonds

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

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

1 and interest in such calendar year on the outstanding bonds being refunded.

2 C. Refunding bonds issued to refund any bonds other than general
 3 obligation bonds may be secured in the same manner as the bonds being
 4 refunded or may be secured in such other manner as may be prescribed by the
 5 governing authority of the governmental entity. If refunding bonds issued under
 6 this Subsection are proposed to be additionally secured by the full faith and
 7 credit of the governmental entity then they must be authorized at an election
 8 held by the governmental entity in accordance with the requirements of the
 9 constitution and laws of Louisiana pertaining to elections for the issuance of
 10 general obligation bonds.

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

14 * * *

15 §562. Limit of indebtedness

16 * * *

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

1 Section 3. The provisions of Sections 1 and 3 of this Act shall become effective on
2 July 1, 2018; if vetoed by the governor and subsequently approved by the legislature, this
3 Act shall become effective on July 1, 2018, or on the day following such approval by the
4 legislature, whichever is later. The provisions of Section 2 of this Act shall become effective
5 on July 1, 2021.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____