

2022 Regular Session

SENATE BILL NO. 172

BY SENATOR REESE

BONDS. Provides relative to costs of issuance and the reporting requirements for bonds approved by the State Bond Commission. (7/1/22)

1 AN ACT

2 To amend and reenact R.S. 39:1405.4(A) and (E), and to repeal R.S. 39:1405.4(H), relative
3 to the costs of issuance and reporting requirements for bonds approved or sold by the
4 State Bond Commission; to remove penalty provisions; to provide for an effective
5 date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 39:1405.4(A) and (E) are hereby amended and reenacted to read as
8 follows:

9 §1405.4. Costs of issuance and reporting requirements

10 A. Bonds, notes, or other issuances of indebtedness of any issuer required by
11 the constitution or laws of Louisiana to be sold or approved by the State Bond
12 Commission, shall not be sold **or approved** unless and until the estimated costs of
13 issuance have been presented to the issuer in a written report compiled by bond
14 counsel in a public sale of securities or by bond counsel with the assistance of the
15 underwriter in a private sale of securities.

16 * * *

17 E.**(1)** If the total actual costs of issuance exceed the total approved costs of

1 issuance or the actual costs of issuance in any line item exceed the approved costs
 2 of issuance by a variance of ten percent or more, the issuer shall ~~obtain supplemental~~
 3 ~~approval of~~ **provide a written explanation to** the State Bond Commission ~~prior to~~
 4 ~~paying any individual item in excess of the approved costs of issuance.~~ **and may be**
 5 **required to appear at a meeting thereof for purposes of further explanation.**

6 **(2) If the issuer is advised of an increase pursuant to Paragraph (1) of**
 7 **this Subsection and the increased costs of issuance can be timely submitted for**
 8 **approval, the increased costs of issuance shall be resubmitted to the State Bond**
 9 **Commission for approval prior to closing.**

10 * * *

11 Section 2. R.S. 39:1405.4(H) is hereby repealed.

12 Section 3. This Act shall become effective on July 1, 2022; if vetoed by the governor
 13 and subsequently approved by the legislature, this Act shall become effective on the day
 14 following such approval by the legislature or July 1, 2002, whichever is later.

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

DIGEST

SB 172 Engrossed 2022 Regular Session Reese

Present law requires bond issuers whose bonds are required by present law to be sold or approved by the State Bond Commission, to present a written report of the estimated costs of issuance prior to the sale or approval of the bonds.

Proposed law retains present law and applies proposed law to the approval of bonds.

Present law provides that if the total costs of issuance exceed the total approved costs of issuance or the actual costs of issuance in any line item that exceed the approved costs of issuance by 10% or more, the issuer shall obtain supplemental approval of the State Bond Commission prior to paying any item in excess of the approved costs of issuance.

Proposed law changes present law to remove requirement of obtaining supplemental approval if actual cost of issuance exceed the approved cost of issuance, prior to paying any item in excess of the approved cost of issuance. Proposed law provides that if the total cost of issuance or the actual costs of issuance in any line item exceed the approved costs of issuance by 10% or more, the issuer shall provide a written explanation to the State Bond Commission and may be required to appear at a meeting of the State Bond Commission for further explanation.

Proposed law requires increased costs of issuance to be resubmitted to the State Bond Commission for approval prior to closing if the issuer is advised of an increase pursuant to present law and the increased costs of issuance can be timely submitted for approval.

Present law provides for penalties for failure to comply with present law. Proposed law repeals this provision.

Effective July 1, 2022.

(Amends R.S. 39:1405.4(A) and (E); repeals R.S. 39:1405.4(H))

Summary of Amendments Adopted by Senate

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

1. Adds provision requiring increased costs of issuance to be resubmitted to the State Bond Commission for approval if the increased costs of issuance can be timely submitted for approval.