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## DIGEST

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HB No. 157

**Abstract:** Enacts the Louisiana Disaster Assistance Program Act.

Proposed law provides for the Louisiana Disaster Assistance Program to provide relief from natural catastrophes.

Present constitution provides that general obligation bonds of the state may be issued only if the funds are to be used to repel invasion, suppress insurrection, provide relief from natural catastrophes, refund outstanding indebtedness, or make capital improvements.

Proposed law authorizes the issuance of state general obligation bonds, including bond anticipation notes, reimbursement agreements, or other evidences of the state issued pursuant to proposed law and Art. VII, §6 of the constitution to provide relief from natural catastrophes by funding the project. Proposed law defines project to mean:

- (1) The payment of principal, interest, premium, sinking or reserve funds or other requirements, costs or expenses due and payable on or prior to December 31, 2007, on bonds, notes, certificates of indebtedness, or other written obligations for the repayment of borrowed money of an affected public entity.
- (2) The payment of operating expenses of the affected public entity occurring after the natural catastrophe but prior to December 31, 2007.
- (3) The payment of the costs of capital projects to replace, improve, or construct essential capital projects of the state or of the affected public entities made necessary by the natural catastrophe.
- (4) The payment of operating expenses of the state occurring after the natural catastrophe but prior to June 30, 2007.
- (5) To provide monies to the Department of Economic Development to fund a bridge loan program to fund all or a portion of economic development projects which may be necessary in order to successfully secure the creation or retention of jobs by a business entity which has been impacted by the natural catastrophe under such circumstances as may be determined by the secretary of the Department of Economic Development and the governor.

Proposed law defines "public entity" to mean (1) parishes, municipalities, parish and municipal school boards and districts, levee boards and districts, port boards and commissions, port, harbor, terminal and industrial districts, drainage and land reclamation districts, and all special service districts including but not limited to road, water, sewerage, fire protection, recreation, hospital service, gas utility, and garbage districts; (2) all other political subdivisions, special authorities,

commissions, public trusts, and boards heretofore or hereafter created by or pursuant to the constitution or statutes of the state, any laws incorporated into or ratified or confirmed by the constitution, or general or special charters of any parish or municipality; and (3) all other units of local government created by or governed by the governing authorities of parishes or municipalities.

Proposed law provides that the legislature has determined that the issuance of bonds of the state is necessary to provide immediate relief from the natural catastrophes, will further an essential governmental function and public obligation, and is essential to protect the credit rating of the state and affected public entities and to provide money for the delivery of essential services to the citizens of the state.

Proposed law authorizes the State Bond Commission to issue bonds, in one or more series, in an aggregate amount not to exceed \$1 billion, the proceeds of which are to be distributed to affected public entities and the state to provide direct funding of one or more portions of the project to provide relief from the natural catastrophe.

Proposed law provides that proceeds of the bonds shall be deposited in the Louisiana Disaster Assistance Program Fund, hereinafter the "fund", which is established in the state treasury. All unexpended and unencumbered monies in the fund at the end of the state's fiscal year shall remain in the fund.

Proposed law provides that the monies in the fund shall be used solely as provided in the Act and shall be appropriated by the legislature for the project as follows:

- (1) To OCD for distribution to affected public entities pursuant to a program of loans for the payment of debt service and grants for the payment of operating expenses.
- (2) To the state for the payment of operating expenses.
- (3) To the Department of Economic Development to fund a bridge loan program for small business entities.

Proposed law provides that monies to be distributed to affected public entities shall be designated by and in such amounts as determined by the office of community development, hereinafter "OCD", within the division of administration and approved by the commissioner of administration using criteria to be developed by OCD, without the necessity for compliance with the Administrative Procedure Act. Proposed law provides that the proposed criteria shall be submitted to the Joint Legislative Committee on the Budget for its review and approval prior to implementation of the program. Such criteria may include:

- (1) The amount of tax and other operating revenue loss.
- (2) The amount of debt service due and payable on or prior to Dec. 31, 2007, on bonds, notes, certificates of indebtedness or other written obligations for the repayment of borrowed money of the affected public entity.
- (3) The amount of any revenues or other assets available to pay operating expenses.
- (4) The displacement of revenue-producing businesses.

- (5) The projected recovery of tax and other revenues.
- (6) The necessity to replace or eliminate essential services.
- (7) The ability to obtain financial assistance from federal agencies.
- (8) The capital projects which were damaged or destroyed in the natural catastrophe and the necessity to replace, improve, or construct an essential capital project.

Proposed law provides that the distribution of monies to pay debt service of an affected public entity shall be approved by the State Bond Commission.

Proposed law provides that OCD shall furnish to the Joint Legislative Committee on the Budget a report setting forth the names and dollar amounts of loans or grants to affected public entities for the previous month.

Proposed law provides the procedures for the issuance of the bonds and provides that the bonds shall be secured by monies in the Bond Security and Redemption Fund and shall be payable on a parity with all other general obligation bonds of the state.

Proposed law provides that proposed law shall expire on Dec. 31, 2009, except as to any bonds which have been sold and as to unexpended proceeds in the fund.

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

(Adds R.S. 39:1370.1-1370.8)