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## DIGEST

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HB 756 Reengrossed

2015 Regular Session

Ourso

**Abstract:** Provides relative to the authorization of the State Bond Commission to issue Grant Anticipation Revenue Vehicles (GARVEE bonds).

Present law authorizes the State Bond Commission to issue GARVEE bonds to finance the accelerated construction of certain state transportation projects.

Proposed law retains present law.

Present law defines "state transportation project" as any state transportation project other than the projects enumerated in the Transportation Infrastructure Model for Economic Development Program (TIMED projects).

Proposed law adds a new bridge across the Mississippi River connecting La. Highway 1 to La. Highway 30 as a state transportation project for purposes of proposed law.

Present law provides for the pledge of certain federal highway funds received by the state and state matching funds provided by the state as security for the bonds.

Proposed law retains present law but requires that federal transportation funds be maintained in a separate identifiable fund or account outside of the state treasury. The separate fund, to be administered by a trustee designated by the State Bond Commission, is established for the securitization of bonds. Federal transportation funds, up to the amount necessary to pay debt service, shall be set aside in the fund and shall be assigned and pledged to the trustee for the benefit of the bondholders. After the satisfaction of legal requirements, the federal transportation funds shall be available for any other purposes.

Present law provides that such bonds shall be issued by the State Bond Commission but only after the issuance has been approved by the Joint Committee on Transportation, Highways and Public Works. The Joint Legislative Committee on the Budget also approves expenditures of the proceeds held by trustee banks. Further provides that the aggregate amount of principal and interest on all bonds issued under this authority shall not exceed 10% of annual federal highway funds.

Proposed law retains present law and authorizes the state treasurer to enter into a collection agreement with the trustee to provide for the collection of federal funds.

Present law allows for the use of derivative products to enhance the marketability of the bonds or

to minimize interest rate risks.

Proposed law eliminates the use of derivative products.

Proposed law provides that bonds issued shall not be included in the calculation of net state tax supported debt unless their debt service is provided through state appropriated funds.

(Amends R.S. 48:27(A), (B), (C), (D)(1)(a), (2)(a), (E), (F), (G), (H)(1) and (12), and (J))

#### Summary of Amendments Adopted by House

##### The House Floor Amendments to the engrossed bill:

1. Provide for the segregation of state matching funds and federal transportation funds held to secure the issuance and provide payment of the bonds. Federal funds shall be maintained in a fund administered by a trustee designated by the State Bond Commission.
2. Allow the state treasurer to enter into a collection agreement with the trustee to provide for the collection of federal funds.
3. Eliminate the use of derivative products to enhance the marketability of the bonds or to minimize interest rate risks.
4. Provide that the bonds shall not be included in the calculation of net state tax supported debt unless the debt service is made through state appropriation.