

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, B, and C of Part II  
3 of Chapter 4 of Subtitle II of Title 39 of the Louisiana Revised Statutes of 1950, to  
4 be comprised of R.S. 39:501 through 517, 521 through 531, and 541, and to repeal  
5 R.S. 17:98, R.S. 39:563 through 578, 611 through 618, and Subpart C, comprised of  
6 R.S. 39:661 through 672, Subpart D, comprised of R.S. 39:681 through 684, Subpart  
7 E, 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, 1410.62,  
14 and Chapter 14-B, comprised of R.S. 39:1460.1 and 1460.2, and Chapter 18,  
15 comprised of R.S. 39:1801 through 1811, all as part of Subtitle III of Title 39 of the  
16 Louisiana 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 transitional provisions; to provide for an effective date; and to  
 17 provide for related matters.

18 Be it enacted by the Legislature of Louisiana:

19 Section 1. R.S. 39:562(C) and (D) are hereby amended and reenacted and Subparts  
 20 A, B, and C of Part II of Chapter 4 of Subtitle II of Title 39 of the Louisiana Revised Statutes  
 21 of 1950, comprised of R.S. 39:501 through 517, 521 through 531, and 541, are hereby  
 22 enacted to read as follows:

23 **PART II. CONSOLIDATED LOCAL**

24 **GOVERNMENT PUBLIC FINANCE ACT**

25 **SUBPART A. GENERAL PROVISIONS**

26 **§501. Designation**

27 **This part may be referred to as the "Consolidated Local Government**

28 **Public Finance Act".**

29 **§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 entitled to the rights and benefits conferred  
20          by R.S. 39:504, R.S. 39:506, and R.S. 39:511, without any further action, or may  
21          at its option utilize the provisions of prior law under which the bond was  
22          originally issued.

### 23          §503. Definitions

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

27          (1) "Bond" or "bonds" means any bonds, notes, warrants, certificates  
28          of indebtedness, certificates of participation or other written contracts,  
29          agreements, or instruments evidencing the obligation of a governmental entity

1 to repay borrowed money, regardless of the designation thereof.

2 (2) "Costs of issuance" means all items of expense related to the  
3 authorization, sale and issuance of bonds, including but not limited to printing  
4 costs, costs of preparation and reproduction of documents, filing and recording  
5 fees, fees and charges of any fiduciary, legal fees and charges of any counsels  
6 necessary in connection with the issuance of bonds, costs of preparation,  
7 printing, and distribution of official statements or other disclosure documents,  
8 fees and disbursements of consultants and professionals in connection with the  
9 issuance of bonds, costs of credit ratings, fees and charges for preparation,  
10 execution, transportation, and safekeeping of bonds, costs and expenses of  
11 refunding, underwriters discount or placement fees, costs of any credit  
12 enhancement, costs of any financial products agreement, and any other cost,  
13 charge, or fee in connection with the issuance of bonds.

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

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

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

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

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

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

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

12           **(7) "State" means the state of Louisiana.**

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

18           **§504. Statutory lien**

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

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

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

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

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

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

2            A. Each governing authority shall have authority to adopt all  
3        proceedings necessary for the authorization, sale, and delivery of bonds,  
4        including the right to enter into all contractual arrangements as may be  
5        necessary to effectuate the purpose for which the bonds are being issued upon  
6        terms determined by the governing authority. Bonds issued under this Part may  
7        be issued by either resolution or ordinance, unless the use of a resolution or the  
8        use of an ordinance is specifically required by law or home rule charter.

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

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

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

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

11 §506. Rights of bondholders

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

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

23 C. The governing authority may in the proceedings authorizing bonds  
24 provide for the respective priorities of its separate series of bonds, and may  
25 provide for the issuance of additional parity bonds in the future pursuant to  
26 such procedure or restrictions as may be specified in such proceedings, or as  
27 may be agreed to by the owners of any series of bonds. In the absence of such  
28 provision, or agreement of the owners, if more than one series of bonds, other  
29 than general obligation bonds, shall be issued hereunder payable from the same



1 taxes or other revenues, then the priority of lien on such revenues shall depend  
2 on the time of the delivery of such series of bonds, each series enjoying a lien  
3 prior and superior to that enjoyed by any series of bonds subsequently  
4 delivered, except that as to any series of bonds which may be authorized as a  
5 unit but delivered from time to time in tranches or separate series, the  
6 governing authority may in the proceedings authorizing the issuance of such  
7 bonds provide that all of the bonds of such series or issue shall be coequal as to  
8 lien regardless of the time of delivery.

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

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

28 §507. Validity of bonds; recital of regularity

29 Before bonds are issued under this Part, the governing authority shall

1 investigate and determine the regularity of the proceedings. The proceedings  
2 authorizing the bonds may direct that the bonds contain the following recital:

3 "It is certified that this indebtedness is authorized by and is  
4 issued in conformity with the requirements of the Constitution  
5 and statutes of Louisiana."

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

23 §508. Applicability of general bond laws

24 Bonds issued under this Part shall be further subject to Section 244 of  
25 Part XI of Chapter 4, Chapters 13, 13-A, and 14 of Subtitle III all of this Title  
26 39 of the Louisiana Revised Statutes of 1950, provided that in the event of any  
27 conflict between this Part and the provisions of said Section 244, Chapters 13,  
28 13-A, or 14, then the provisions of this Part shall apply to any bonds issued  
29 under this Part.

1           **§509. Peremption**

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

18           **§510. Notice of default**

19           **Any governmental entity that has issued bonds shall notify the State**  
20 **Bond Commission in writing whenever:**

21           **(1) Any required deposit to any debt service sinking fund in connection**  
22 **with such bonds has not been made timely.**

23           **(2) The principal, interest, premium, or any other payment due on such**  
24 **bonds has not been made timely.**

25           **§511. Exemption from taxation; legal investments**

26           **A. All bonds issued under this Part and the interest or other income**  
27 **thereon or with respect thereto shall be exempt from all income tax and other**  
28 **taxation in Louisiana.**

29           **B. All bonds issued under this Part shall be legal and authorized**

1 investments for banks, savings banks, insurance companies, homestead and  
2 building loan associations, trustees, and other fiduciaries and may be used for  
3 deposit with any officer, board, or political subdivision, in any case where, by  
4 present or future laws, deposit or security is required.

5 §512. Bonds negotiable and incontestable

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

10 §513. Application of proceeds

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

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

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

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

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

5            §514. Bond validation

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

9            §515. Lost, destroyed, or cancelled bonds

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

18                   "This bond is issued to replace a lost, cancelled, or destroyed  
19                   bond under the authority of R.S. 39:525."

20           B. Such new bond shall be signed by the same officers who signed the  
21           original bond, provided, however, that in the event the officers who signed the  
22           original bonds are no longer in office, then the new bond shall be signed by the  
23           officers then in office.

24           C. If the original bond was registered in the office of the secretary of  
25           state, and bore a certificate evidencing such registration signed by the secretary  
26           of state, then the new bond shall not be required to be registered in the office of  
27           the secretary of state.

28           D. The obligation of the governmental entity upon the new bond shall be  
29           identical with its obligation upon the original bond, and the rights of the owner,

1 including any statutory lien granted by this Part or the proceedings authorizing  
2 the original bond, shall be the same as those conferred by the original bond.

3 §516. Employment of counsel; fees

4 The employment of counsel by a governmental entity in conjunction with  
5 the issuance of bonds under this Part, and the fees and compensation of such  
6 counsel, shall not be subject to approval by the attorney general provided that  
7 said fees and compensation do not exceed the attorney general fee schedule or  
8 other statutory limitations, in which case such employment and payment of fees  
9 and compensation shall be deemed lawful.

10 §517. No other statutes applicable

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

22 SUBPART B. AUTHORITY FOR SPECIFIC BONDS

23 §521. General obligation bonds

24 A. Any governmental entity may incur debt and issue general obligation  
25 bonds under the authority of Article VI, Section 33 of the Constitution of  
26 Louisiana and this Part, for the purpose of financing any capital expenditures  
27 related to the lawful purposes of the governmental entity, title to which shall be  
28 in the public. Such bonds may be issued only after having been approved by a  
29 majority of the electors who vote in an election held in accordance with the

1 Louisiana Election Code for the purpose of approving the issuance of the bonds.

2 The proposition submitted to the electors shall state the maximum principal  
3 amount of bonds to be issued, the maximum term, which shall not exceed forty  
4 years, the maximum interest rate, the purposes for which the bonds are  
5 proposed to be issued, and the estimated millage rate to be levied for the  
6 repayment of such bonds in the first year of issue.

7 B. After the results of the election have been promulgated in accordance  
8 with the Louisiana Election Code, the governing authority of the governmental  
9 entity may proceed to issue the bonds within the parameters approved by the  
10 electors.

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

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

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

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

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

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

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

27           (2) For the purpose of reducing the overall tax burden on taxpayers and  
28           easing the administrative burden of accounting for separate tax levies, any  
29           governmental entity with more than one outstanding issue or series of general



1 obligation bonds shall levy a single unified tax for the payment of all of such  
2 issues or series.

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

15 (4) All the articles and provisions of the Constitution of Louisiana, and  
16 all the laws in force or that may be hereafter enacted regulating and relating to  
17 the collection of taxes and tax sales shall also apply to and regulate the collection  
18 of the special taxes imposed under the provisions of this Part, through the  
19 officer whose duty it is to collect the taxes and monies due the subdivision  
20 imposing the special taxes.

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

28 (6) Upon the payment in full of general obligation bonds, if any excess  
29 monies remain in the sinking fund or debt service fund for such bonds, such

1 monies shall be retained therein for the payment of any other outstanding  
2 general obligation bonds of the governmental entity, or if the governmental  
3 entity has no other outstanding general obligation bonds then such monies may  
4 be expended for capital projects similar to those for which the bonds were  
5 originally issued.

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

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

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

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

25 §523. Sales tax bonds

26 A. A governmental entity that is authorized to levy and collect a sales tax  
27 or a municipality or school board that receives an allocation of a sales tax levied  
28 by a parish, may fund sales tax revenues into bonds and issue said bonds from  
29 time to time for the purpose or purposes for which such tax may be levied, said

1 bonds to be payable from and secured by an irrevocable pledge and dedication  
2 of sales tax revenues subject only to the prior payment of the costs and expenses  
3 of collection and administration of such tax.

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

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

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

26 E. As specified by Article VI, Section 29 of the Constitution of Louisiana,  
27 when any bonds shall have been issued under this Section, neither the  
28 legislature, the governing authority, nor any other authority shall discontinue  
29 or decrease the sales tax or permit to be discontinued or decreased the sales tax

1 in anticipation of the collection of which such bonds have been issued, or in any  
2 way make any change in the allocation and dedication of the proceeds of such  
3 sales tax which would diminish the amount of the sales tax revenues to be  
4 received by the governmental entity until all of such bonds shall have been  
5 retired as to principal and interest, and there is hereby vested in the owners and  
6 holders from time to time of such bonds a contractual right under the  
7 provisions of this Part.

8 §524. Revenue bonds

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

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

28 C. Revenue bonds issued under this Section shall be payable solely from  
29 the revenues derived from the system or work of public improvement,

1 constructed, acquired, extended, or improved with the proceeds thereof,  
2 sufficient in amount at all times to meet the required debt service, subject only  
3 to prior payment of reasonable and necessary expenses of operating and  
4 maintaining such system or work of public improvement. In connection with the  
5 construction, acquisition, extension, or improvement of any such  
6 revenue-producing system or work of public improvement, any governmental  
7 entity is authorized to accept, receive, receipt for, disburse, and expend federal  
8 and state monies and other monies, public or private, whether available by  
9 grant or loan, or both, for such purposes. Without creating a charge on such  
10 revenues, the governmental entity may, in the proceedings authorizing the  
11 issuance of revenue bonds under this Section, provide for the use of other taxes  
12 or revenues either for the payment of the required debt service on such revenue  
13 bonds, or for the payment of reasonable and necessary expenses of operating  
14 and maintaining such system or work of public improvement.

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

22 E. When any sale of the mortgaged property is held under the provisions  
23 of this Section, the purchaser at the sale, and his successor or assigns, shall be  
24 vested with any necessary permit and franchise to maintain and operate the  
25 property purchased, and to continue to supply to the public the commodities,  
26 products, or services previously supplied by the work of public improvement,  
27 with the same powers and privileges previously enjoyed by the governmental  
28 entity in the operation of said work of public improvement. This franchise shall  
29 continue for such period, not exceeding thirty years, as may be fixed by the

1 governing authority in the resolution authorizing the bonds and shall be subject  
2 to all statutory limitations pertaining to the granting of permits or franchises.

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

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

25 H. When any governmental entity has issued revenue bonds and pledged  
26 the revenues of any system or work of public improvement in whole or in part  
27 for payment thereof, it shall impose and collect fees and charges for the  
28 products, commodities, and services furnished by such system or work of public  
29 improvement, including those furnished to the subdivision itself and its various

1 agencies and departments, in such amounts and at rates as shall be sufficient at  
2 all times to pay the expenses of operating and maintaining the system or work  
3 of public improvement; provide a sinking fund sufficient to assure the prompt  
4 payment of principal and interest on the bonds as each falls due; provide such  
5 a reasonable fund for contingencies as may be required by the proceedings  
6 authorizing the bonds or other debt obligation and provide an adequate  
7 depreciation fund for those repairs, extensions, and improvements to the system  
8 or work of public improvement as may be necessary to assure adequate and  
9 efficient service to the public. No board or commission other than the governing  
10 authority of the governmental entity shall have authority to fix or supervise  
11 making of such fees and charges.

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

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

1 governmental entity in a number not less than five percent of the number of  
2 electors voting at the last election held in said governmental entity object to the  
3 issuance of the proposed bonds, then such bonds shall not be issued until  
4 approved by a vote of a majority of the qualified electors of the governmental  
5 entity who vote at a special election held for such purpose in the manner  
6 provided by Chapter 6-A of Title 18 of the Louisiana Revised Statutes of 1950.  
7 Any such petition shall be accompanied by a certificate of the parish registrar  
8 of voters certifying that the signers of the petition are registered electors of the  
9 governmental entity and the number of signers amount to not less than five  
10 percent of the registered electors that voted in the last election held in said  
11 governmental entity.

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

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

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



1 which the bonds are issued, regardless of the date on which the revenues are  
2 anticipated to be received, will be included in the estimated revenues for such  
3 fiscal year.

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

9 D. Limited revenue bonds issued under this Section are not revenue  
10 bonds within the meaning of Article VI, Section 37 of the Constitution of  
11 Louisiana.

12 §526. Excess revenue bonds and certificates of indebtedness

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

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

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

22 (2) All contractual obligations.

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

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

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

1           **§527. Revenue anticipation notes**

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

11           **§528. Bond anticipation notes**

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

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

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

29           **§529. Grant anticipation notes**

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

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

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

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

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

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

8           §530. Assessment certificates

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

15          §531. Refunding bonds

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

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

15 §541. Transitional provisions

16 In order to provide for an orderly transition for governmental entities  
17 that have previously authorized or issued indebtedness under prior bond laws,  
18 the following provisions shall apply:

19 A. The terms used in this Section shall have the meanings ascribed  
20 thereto by R.S. 39:503.

21 B. General obligation bonds previously authorized to be issued or  
22 actually issued by a governmental entity under Subpart A of Part III of Chapter  
23 4 of Subtitle II of Title 39 of the Louisiana Revised Statutes of 1950, shall be  
24 issued or deemed to have been issued under the laws enacted by Subpart A of  
25 this Part, and particularly R.S. 39:521.

26 C. Limited tax bonds previously authorized to be issued or actually  
27 issued by a governmental entity under R.S. 17:98 or R.S. 39:742.2, and bonds  
28 secured solely by the pledge of a general alimony tax issued under R.S. 39:1430  
29 shall be issued or deemed to have been issued under the laws enacted by

1 Subpart A of this Part, and particularly R.S. 39:522.

2 D. Sales tax bonds previously authorized to be issued or actually issued  
3 by a governmental entity under Subpart F of Part III of Chapter 4 of Subtitle  
4 II of Title 39 of the Louisiana Revised Statutes of 1950 shall be issued or deemed  
5 to have been issued under the laws enacted by Subpart A of this Part, and  
6 particularly R.S. 39:523.

7 E. Revenue bonds previously authorized to be issued or actually issued  
8 by a governmental entity pursuant to R.S. 30:2034 or Part VII or Part XIII of  
9 Chapter 4 of Subtitle II of Title 39 of the Louisiana Revised Statutes of 1950  
10 shall be issued or deemed to have been issued under the laws enacted by  
11 Subpart A of this Part, and particularly R.S. 39:524.

12 F. Bonds previously authorized to be issued or actually issued by a  
13 governmental entity under R.S. 39:1430 and secured solely by the pledge of a  
14 parcel fee or service charge shall be issued or deemed to have been issued under  
15 the laws enacted by Subpart A of this Part, and particularly R.S. 39:525.

16 G. Revenue anticipation notes authorized to be issued or actually issued  
17 by a governmental entity under R.S. 39:741, et seq. shall be issued or deemed  
18 to have been issued under the laws enacted by Subpart A of this Part, and  
19 particularly R.S. 39:527.

20 H. Bond anticipation notes authorized to be issued or actually issued by  
21 a governmental entity under Chapter 14-B of Subtitle III of Title 39 of the  
22 Louisiana Revised Statutes of 1950 shall be issued or deemed to have been  
23 issued under the laws enacted by Subpart A of this Part, and particularly R.S.  
24 39:528.

25 I. Grant anticipation notes authorized to be issued or actually issued by  
26 a governmental entity under Chapter 18 of Subtitle III of Title 39 of the  
27 Louisiana Revised Statutes of 1950 shall be issued or deemed to have been  
28 issued under the laws enacted by Subpart A of this Part, and particularly R.S.  
29 39:529.



1 existing bonded debt of such subdivision for such purposes, may exceed ten percent  
 2 but shall not exceed thirty-five percent of the assessed valuation of the taxable  
 3 property of such subdivision, including both (1) homestead exempt property, which  
 4 shall be included on the assessment roll for the purposes of calculating debt  
 5 limitation, and (2) nonexempt property, as ascertained by the last assessment for the  
 6 parish for local purposes prior to delivery of the bonds representing such debt,  
 7 regardless of the date of the election at which said bonds were approved.

8 \* \* \*

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

26 Section 3. R.S. 39:1410.62 is hereby repealed in its entirety.

27 Section 4. The provisions of Sections 1, 3, and 4 of this Act shall become effective  
 28 on July 1, 2018; if vetoed by the governor and subsequently approved by the legislature, this  
 29 Act shall become effective on July 1, 2018, or on the day following such approval by the



1 legislature, whichever is later. The provisions of Section 2 of this Act shall become effective  
2 on July 1, 2019.

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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Martha S. Hess.

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## DIGEST

SB 426 Engrossed

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 contains transitional provisions in order to provide for an orderly transition for governmental entities that have previously authorized or issued indebtedness under prior bond laws.

## 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 Proposed Replacement	
98.....	.....522
Former R.S. Title 39, Section Proposed Replacement	
563-618.....	.....521
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, 3, and 4 are effective July 1, 2018; Section 2 is effective July 1, 2019.

(Amends R.S. 39:562(C) and (D); adds R.S. 39:501-517, 521-531, and 541; 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, 1410.62, 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%.
9. Clarifies that necessary and usual charges shall not include depreciation for purposes of excess revenue bonds.
10. 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.
11. Technical amendments.