
SENATE FLOOR AMENDMENTS

2018 Regular Session

Amendments proposed by Senator Morrell to Re-Reengrossed House Bill No. 2 by Representative Abramson

1 AMENDMENT NO. 1

2 On page 120, between lines 9 and 10 insert the following:

3 "Section 18. The legislature hereby recognizes that the Constitution of Louisiana
4 provides in Article VII, Section 11, that the governor shall present to the legislature a five-
5 year Capital Outlay Program and request implementation of the first year of such program,
6 and that the capital outlay projects approved by the legislature are to be made part of the
7 comprehensive state capital budget which shall, in turn, be adopted by the legislature.
8 Further, all projects in such budget adopted by the legislature requiring bond funds must be
9 authorized as provided in Article VII, Section 6 of the Constitution of Louisiana. The
10 legislature finds that over a period of years the legislature has enacted numerous bond
11 authorizations, but due to inflation and the requirements of specificity of amount for each
12 project, impossibility, or impracticability, many of the projects cannot be undertaken. All
13 of the unissued bonds must be listed in the financial statements of the state prepared from
14 time to time and in connection with the marketing of bonds, and are taken into account by
15 rating agencies, prospective purchasers, and investors in evaluating the investment quality
16 and credit worthiness of bonds being offered for sale. The continued carrying of the
17 aforesaid unissued bonds on the financial statements of the state under the above described
18 circumstances operates unnecessarily to the financial detriment of the state. Accordingly, the
19 legislature deems it necessary and in the best financial interest of the state to repeal all Acts,
20 except any Act authorizing the issuance of refunding bonds and Act 41 of the 2006 First
21 Extraordinary Session, providing for the issuance of general obligation bonds in the state
22 which cannot be issued for the projects contemplated, and in their stead to reauthorize
23 general obligation bonds of the state for those projects deemed to be essential, and to
24 authorize new projects.

25 Section 19. It is the intent of the legislature that Section 18 through 28 shall
26 constitute the Omnibus Bond Authorization Act of 2018 and, together with any Act
27 authorizing the issuance of refunding bonds and Act 41 of the 2006 First Extraordinary

1 Session, shall provide bond authorization, as required by Article VII, Section 6 of the
2 Constitution of Louisiana, for those projects to be funded totally or partially by the sale of
3 general obligation bonds and included in Section 1 through 17 of this House Bill No. 2 of
4 the 2018 Regular Session as finally enacted into law (2018 Capital Outlay Act). It is the
5 further intent of the legislature that in this year and each year hereafter an Omnibus Bond
6 Authorization Act shall be enacted providing for the repeal of state general obligation bond
7 authorizations for projects no longer found feasible or desirable, the reauthorization of those
8 bonds not sold during the prior fiscal year for projects deemed to be of such priority as to
9 warrant such reauthorization, and to enact new authorization for projects found to be needed
10 for capital improvements.

11 Section 20. Except as hereinafter provided, all prior Acts of the legislature
12 authorizing the issuance of general obligation bonds of the state of Louisiana shall be and
13 the same are hereby repealed in their entirety, including without limitation Act No. 5 of the
14 2017 Second Extraordinary Session of the Louisiana Legislature (2017 Omnibus Bond
15 Authorization Act) and any Acts heretofore repealed with such Act. This repeal shall not be
16 applicable to any Act providing for the issuance of refunding bonds nor to Act 41 of the
17 2006 First Extraordinary Session, and such Acts shall remain in full force and effect and
18 shall not be affected by the provisions of Section 18 through 28 of this Act. In addition, the
19 repeal shall not in any manner affect the validity of any bonds heretofore issued pursuant to
20 any of the bond authorizations repealed hereby.

21 Section 21. To provide funds for certain capital improvement projects the State Bond
22 Commission is hereby authorized pursuant to Article VII, Section 6 of the Constitution of
23 Louisiana to issue general obligation bonds or other general obligations of the state for
24 capital improvements for the projects, and subject to any terms and conditions set forth on
25 the issuance of bonds or the expenditure of monies for each project as is provided for in
26 Sections 1 through 17 of this 2018 Capital Outlay Act.

27 Section 22.(A) To provide funds for certain capital improvement projects authorized
28 prior to this Act and by this Act, which projects are designed to provide for reimbursement
29 of debt service on general obligation bonds, the State Bond Commission is hereby authorized
30 pursuant to Article VII, Section 6 of the Constitution of Louisiana, to issue general
31 obligation bonds of the state, hereinafter referred to as "project bonds", for capital

1 improvements for the projects and subject to any terms and conditions set forth on the
2 issuance of bonds or the expenditure of monies for each such project as provided in the 2018
3 Capital Outlay Act the terms of which require such reimbursement of debt service.

4 (B) Without affecting, restricting, or limiting the pledge herein made of the full faith
5 and credit of the state of Louisiana to the payment of the general obligation bonds authorized
6 by this Section and without affecting, restricting, or limiting the obligation of the state to pay
7 the same from monies pledged and dedicated to and paid into the Bond Security and
8 Redemption Fund, but in order to decrease the possible financial burden on the general funds
9 of the state resulting from this pledge and obligation, the applicable management board,
10 governing body, or state agency for which any of such project bonds are issued, in the fiscal
11 year in which such project bonds are issued and in each fiscal year thereafter until such
12 project bonds and the interest thereon are paid, shall transfer and make available to the state
13 treasury, for deposit in the Bond Security and Redemption Fund, designated student fees or
14 revenues or other revenues in an amount equal to the debt service on such project bonds in
15 such fiscal year. In addition, the applicable management board, governing body, or state
16 agency, in the fiscal year in which such project bonds are issued and in each of the nine
17 immediately succeeding fiscal years thereafter, shall transfer and make available to the state
18 treasury from designated student fees or revenues or other revenues, for credit to a
19 reimbursement reserve account for such project bonds which shall be established in an
20 account designated in the reimbursement contract hereafter provided for, monies in an
21 amount equal to one-tenth of the average annual debt service on such project bonds, and
22 each such reimbursement reserve account thereafter shall be maintained in said minimum
23 amount by further transfers, if necessary, from designated student fees or revenues or other
24 revenues by the applicable management board, governing body, or state agency to the state
25 treasury. Each such reimbursement reserve account shall be used, if necessary, solely to
26 make the reimbursement payments herein obligated to be made to the state treasury. When
27 the general obligation bonds and the interest thereon issued hereunder have been paid, any
28 amount remaining in the reimbursement reserve account, as prorated to such authorized
29 project, shall be transferred by the state treasurer to the applicable management board,
30 governing body, or state agency.

1 (C) No project bonds authorized by this Section shall be issued for any authorized
2 project unless and until a reimbursement contract has been entered into and executed
3 between the applicable management board, governing body, or state agency and the State
4 Bond Commission pertaining to the reimbursement payment and reimbursement reserve
5 account payments for such project. The contract shall require payment into the state treasury
6 of designated student fees or revenues or other revenues in an amount sufficient to reimburse
7 the cost to the state of the principal, interest, and premium, if any, obligated to be paid by
8 the state on such project bonds. The State Bond Commission shall not be required to execute
9 any such reimbursement contract unless the estimates and projections of the designated
10 student fees or revenues or other revenues available for payment into the state treasury
11 thereunder for the authorized projects are sufficient to reimburse the costs of the principal,
12 interest, and premium, if any, on the project bonds. A reimbursement contract hereunder
13 shall be authorized by resolution of the applicable management board, governing body, or
14 state agency, or board or by act of the chief executive officer if no governing board exists.

15 This authorization shall provide for the dates, amounts, and other details for the
16 payments required to be made to the state treasury and for the reserve account. The
17 authorization may contain such covenants with the State Bond Commission regarding the
18 fixing of rates for fees and charges or revenues and such other covenants and agreements
19 with the State Bond Commission as will assure the required payments to the state treasury.
20 The contract shall be subject to approval by the Office of the Attorney General and the State
21 Bond Commission and, when so accepted and approved, shall conclusively constitute and
22 be the reimbursement contract for an authorized project, as required hereunder.

23 (D) The obligation to make the reimbursement payments as required by a
24 reimbursement contract may be represented by the issuance by the applicable management
25 board, governing body, or state agency of its nonnegotiable revenue obligation in the form
26 of a bond or other evidence of indebtedness, hereinafter referred to as "reimbursement
27 bond". The reimbursement bond shall be issued in a single bond form, without coupons, in
28 the principal amount equal to the aggregate principal amount of project bonds, shall be
29 registered in principal and interest in the name of and be payable to the State Bond
30 Commission, shall bear interest at a rate or rates equal to the interest rate or rates payable
31 on the project bonds, and shall be payable as to principal and interest at such times, in such

1 manner, from designated student fees or revenues, or other revenues, and be subject to such
2 terms and conditions as shall be provided in the authorizing resolution or document executed
3 by a chief executive officer, where applicable. This authorization shall be subject to approval
4 by the State Bond Commission and the Office of the Attorney General, and when so
5 accepted and approved, the authorization shall constitute and be the reimbursement contract
6 for such authorized project, as required hereunder. The reimbursement bonds authorized
7 under the provisions of this Section may be issued on a parity with outstanding
8 reimbursement bonds of the applicable management board, governing body, or state agency,
9 or issued on a subordinate lien basis to outstanding bonds, or a combination thereof, and may
10 include and contain such covenants with the State Bond Commission for the security and
11 payment of the reimbursement bonds and such other customary provisions and conditions
12 for their issuance by the applicable management board, governing body, or state agency as
13 are authorized and provided for by general law and by this Section. Until project bonds for
14 an authorized project have been paid, the applicable management board, governing body,
15 or state agency shall impose fees and charges in an amount sufficient to comply with the
16 covenants securing outstanding bonds and to make the payments required by the
17 reimbursement contract.

18 (E) In addition to the other payments herein required, reimbursement contracts shall
19 provide for the setting aside of sufficient student fees or revenues or other revenues in a
20 reserve fund, so that within a period of not less than ten years from date of issuance of
21 project bonds there shall be accumulated in a reserve fund monies equal to a sum not less
22 than the average annual debt service requirements on such project bonds. Monies in the
23 reserve fund shall be used for the purpose of remedying or preventing a default in making
24 the required payments under a reimbursement contract. The reserve fund required hereunder
25 may consist of a reserve fund heretofore or hereafter established to secure payments for
26 reimbursement bonds of the applicable management board, governing body, or state agency,
27 provided that (1) payments from said reserve fund to secure the payments required to be
28 made under a reimbursement contract shall be on a parity with the payments to be made
29 securing outstanding bonds and additional parity bonds and (2) no additional parity
30 reimbursement bonds shall be issued except pursuant to the establishment and maintenance
31 of an adequate reserve fund as approved by the State Bond Commission.

1 (F) When the balance of reimbursement bond proceeds, for a project, are allocated
2 to another project, the State Bond Commission is authorized to make the appropriate
3 amendment to the reimbursement contract with the agency making the reimbursement
4 payments.

5 Section 23. The bonds authorized to be sold by the State Bond Commission pursuant
6 to this Act shall be issued and sold in conformity with the provisions of Article VII, Section
7 6 of the Louisiana Constitution, R.S. 39:1361 through R.S. 39:1367, and R.S. 39:1401
8 through R.S. 39:1430.1, and any amendments thereto adopted prior to, at the same time as,
9 or subsequent to, the effective date of this Act. However, the provisions of R.S. 39:1365(9)
10 shall not apply to any bonds issued hereunder in the form of variable rate and/or tender
11 option bonds and that said bonds need not be issued in serial form and may mature in such
12 year or years as may be specified by the State Bond Commission. Should any provision of
13 this Act be inconsistent with any provision of the Louisiana Revised Statutes of 1950, the
14 provisions of this Act shall govern. In connection with the issuance of the bonds authorized
15 hereby, the State Bond Commission may, without regard to any other laws of the state
16 relating to the procurement of services, insurance, or facilities, enter into contracts upon such
17 terms as it deems advantageous to the state for (1) the obtaining of credit enhancement or
18 liquidity devices designed to improve the marketability of the bonds and (2) if the bonds are
19 structured as variable rate and/or tender option bonds to provide the services and facilities
20 required for or deemed appropriate by the State Bond Commission for such type of bonds,
21 including those of tender agents, placement agents, indexing agents, remarketing agents,
22 and/or standby bond purchase facilities. The cost of obtaining credit enhancement or
23 liquidity devices and fees for other services set forth in this Section shall, if authorized by
24 the State Bond Commission, be paid from the Bond Security and Redemption Fund as a
25 requirement with respect to the issuance of the bonds authorized hereby. The bonds shall be
26 general obligations of the state of Louisiana, to the payment of which, as to principal,
27 premium, if any, and interest, as and when the same become due, the full faith and credit of
28 the state is hereby irrevocably pledged. These bonds shall be secured by monies in the Bond
29 Security and Redemption Fund and shall be payable on a parity with bonds and other
30 obligations heretofore and hereafter issued which are secured by that fund. The maximum

1 interest rate or rates on such bonds, and their maturities, shall be determined by the State
2 Bond Commission. The state treasurer shall invest all bond proceeds until disbursed.

3 Section 24. Notwithstanding the provisions of R.S. 39:101(A) and 112(C), projects
4 included within Section (1)(A) of this Act are hereby deemed to have timely submitted
5 capital outlay budget request applications for Fiscal Year 2018-2019 and to have complied
6 with the late approval requirements of R.S. 39:112(C), and as such shall be eligible for cash
7 and noncash lines of credit for Fiscal Year 2018-2019. Beginning in Fiscal Year 2019-2020
8 all projects shall comply with the provisions of R.S. 39:101(A) and 112(C).

9 Section 25. Notwithstanding the provisions of R.S. 39:101(A) and 112(C), projects
10 included within Section (1)(B) of this Act which have submitted a capital outlay budget
11 request application pursuant to R.S. 39:101(A) prior to the date the governor signs this Act
12 or the lapse of time for gubernatorial action, shall be deemed to have complied with the late
13 approval requirements of R.S. 39:112(C). Beginning in Fiscal Year 2019-2020, all projects
14 shall comply with the provisions of R.S. 39:101(A) and 112(C).

15 Section 26.(A) The office of facility planning and control shall revise the capital
16 outlay application for entities applying for capital outlay funding for Fiscal Year 2019-2020
17 and thereafter, to include information regarding the status of the project and the amount of
18 any outstanding obligations for the project. If construction of a project is complete, the entity
19 which received capital outlay funding shall submit a certificate of completion to the office
20 of facility planning and control within one year of completion of construction of the project.
21 Any entity that receives cash lines of credit for any portion of design, planning, or
22 construction of a capital outlay project that fails to timely submit a certificate of completion
23 shall be ineligible for future capital outlay funding unless the entity receives approval of
24 both the House Ways and Means Committee and the Senate Revenue and Fiscal Affairs
25 Committee.

26 (B) Beginning in Fiscal Year 2019-2020, the office of facility planning and control
27 shall include in any report submitted to the Joint Legislative Committee on Capital Outlay
28 pursuant to the provisions of R.S. 39:105, information regarding the amount of local match
29 required to be provided by a nonstate entity requesting capital outlay funding for each
30 project application and whether the local match requirement has been waived by the office
31 of facility planning and control. If a local match requirement has been waived by the office

1 of facility planning and control, the report shall also include the rationale and basis for the
2 waiver.

3 Section 27. The provisions, items, and projects contained in this Act are severable
4 and if any provision, item, or project contained herein, or the application of any such
5 provision, item, or project, is held invalid, such invalidity shall not affect other provisions,
6 items, projects, or applications of the Act which can be given effect without the invalid
7 provision, project, item, or application.

8 Section 28. Unless specifically repealed, Sections 18 through 28 of this Act shall
9 expire, and be considered null and void and of no further effect on June 30, 2019, except as
10 to any bonds authorized herein (1) which have been sold, (2) to which lines of credit have
11 been issued, or (3) for which contracts for construction have been signed."

12 AMENDMENT NO. 2

13 On page 120 at the beginning of the line 10, change "Section 18." to "Section 29."