
DIGEST

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HB 634 Engrossed

2020 Regular Session

Huval

Abstract: Removes the maturity date restrictions on securities that banks pledge to secure local public funds.

Present law requires a bank to provide security for deposits made by a political subdivision of the state. Specifies acceptable securities.

Proposed law authorizes the following additional forms of security for such deposits:

- (1) Bonds, debentures, notes, or other indebtedness issued by a state of the United States of America other than Louisiana or any such state's political subdivisions provided that the indebtedness has a long-term rating of A3 or higher by Moody's Investors Service, a long-term rating of A- or higher by Standard & Poor's or a long-term rating of A- or higher by Fitch, Inc., or a short-term rating of M1G1 or VM1G1 by Moody's Investors Service, a short-term rating of A-1 or A-1+ by Standard & Poor's, or a short-term rating of F1 or F1+ by Fitch, Inc.
- (2) Bonds, debentures, notes, or other indebtedness issued by domestic United States corporations provided that the indebtedness has a long-term rating of Aa3 or higher by Moody's Investors Service, a long-term rating of AA- or higher by Standard & Poor's, or a long-term rating of AA- or higher by Fitch Ratings, Inc.

Proposed law also provides that no provision of law limits or restricts the duration of bonds, debentures, notes, or other indebtedness that are used a security for deposits or investments made by a political subdivision.

(Amends R.S. 39:1221 and 1242(A)(4); Adds R.S. 39:1242(E))