

HOUSE SUMMARY OF SENATE AMENDMENTS**HB 634****2020 Regular Session****Huval**

BANKS/BANKING: Provides relative to security for deposits required by certain entities

Synopsis of Senate Amendments

1. Changes citations relative to bonds that are secured with a lease to reflect current statutory law.
2. Changes "Louisiana Higher Education Assistance Commission" to "Board of Regents" to accurately reflect the guarantor of loans to students.
3. Makes technical changes.

Digest of Bill as Finally Passed by Senate-----
DIGEST

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 Ratings, 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 Ratings, 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))