

SENATE COMMITTEE AMENDMENTS

2020 First Extraordinary Session

Amendments proposed by Senate Committee on Revenue and Fiscal Affairs to Reengrossed House Bill No. 2 by Representative Bishop

1 AMENDMENT NO. 1

2 On page 1, line 5, after "sources;" insert

3 "to provide for the repeal of certain prior bond authorizations; to provide for new
4 bond authorizations; to provide for authorization and sale of such bonds by the State
5 Bond Commission;"

6 AMENDMENT NO. 2

7 On page 101, line 1, after "Section 18." insert:

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

31 Section 19. It is the intent of the legislature that this Act shall constitute the
32 Omnibus Bond Authorization Act of 2020 and, together with any Act authorizing the
33 issuance of refunding bonds and Act 41 of the 2006 First Extraordinary Session,
34 shall provide bond authorization, as required by Article VII, Section 6 of the
35 Constitution of Louisiana, for those projects to be funded totally or partially by the
36 sale of general obligation bonds and included in House Bill No. 2 of the 2020 First
37 Extraordinary Session as finally enacted into law (2020 Capital Outlay Act). It is the
38 further intent of the legislature that in this year and each year hereafter an Omnibus
39 Bond Authorization Act shall be enacted providing for the repeal of state general
40 obligation bond authorizations for projects no longer found feasible or desirable, the
41 reauthorization of those bonds not sold during the prior fiscal year for projects
42 deemed to be of such priority as to warrant such reauthorization, and to enact new
43 authorization for projects found to be needed for capital improvements.

44 Section 20. Except as hereinafter provided, all prior Acts of the legislature
45 authorizing the issuance of general obligation bonds of the state of Louisiana shall
46 be and the same are hereby repealed in their entirety, including without limitation
47 House Bill No. 3 of the 2019 Second Extraordinary Session of the Louisiana
48 Legislature as finally enacted into law (2019 Omnibus Bond Authorization Act) and
49 any Acts heretofore repealed with such Act. This repeal shall not be applicable to

1 any Act providing for the issuance of refunding bonds nor to Act 41 of the 2006 First
2 Extraordinary Session, and such Acts shall remain in full force and effect and shall
3 not be affected by the provisions of this Act. In addition, the repeal shall not in any
4 manner affect the validity of any bonds heretofore issued pursuant to any of the bond
5 authorizations repealed hereby.

6 Section 21. To provide funds for certain capital improvement projects the
7 State Bond Commission is hereby authorized pursuant to Article VII, Section 6 of
8 the Constitution of Louisiana to issue general obligation bonds or other general
9 obligations of the state for capital improvements for the projects, and subject to any
10 terms and conditions set forth on the issuance of bonds or the expenditure of monies
11 for each project as is provided for in the 2020 Capital Outlay Act.

12 Section 22.(A) To provide funds for certain capital improvement projects
13 authorized prior to this Act and by this Act, which projects are designed to provide
14 for reimbursement of debt service on general obligation bonds, the State Bond
15 Commission is hereby authorized pursuant to Article VII, Section 6 of the
16 Constitution of Louisiana, to issue general obligation bonds of the state, hereinafter
17 referred to as "project bonds", for capital improvements for the projects and subject
18 to any terms and conditions set forth on the issuance of bonds or the expenditure of
19 monies for each such project as provided in the 2020 Capital Outlay Act the terms
20 of which require such reimbursement of debt service.

21 (B) Without affecting, restricting, or limiting the pledge herein made of the
22 full faith and credit of the state of Louisiana to the payment of the general obligation
23 bonds authorized by this Section and without affecting, restricting, or limiting the
24 obligation of the state to pay the same from monies pledged and dedicated to and
25 paid into the Bond Security and Redemption Fund, but in order to decrease the
26 possible financial burden on the general funds of the state resulting from this pledge
27 and obligation, the applicable management board, governing body, or state agency
28 for which any of such project bonds are issued, in the fiscal year in which such
29 project bonds are issued and in each fiscal year thereafter until such project bonds
30 and the interest thereon are paid, shall transfer and make available to the state
31 treasury, for deposit in the Bond Security and Redemption Fund, designated student
32 fees or revenues or other revenues in an amount equal to the debt service on such
33 project bonds in such fiscal year. In addition, the applicable management board,
34 governing body, or state agency, in the fiscal year in which such project bonds are
35 issued and in each of the nine immediately succeeding fiscal years thereafter, shall
36 transfer and make available to the state treasury from designated student fees or
37 revenues or other revenues, for credit to a reimbursement reserve account for such
38 project bonds which shall be established in an account designated in the
39 reimbursement contract hereafter provided for, monies in an amount equal to one-
40 tenth of the average annual debt service on such project bonds, and each such
41 reimbursement reserve account thereafter shall be maintained in said minimum
42 amount by further transfers, if necessary, from designated student fees or revenues
43 or other revenues by the applicable management board, governing body, or state
44 agency to the state treasury. Each such reimbursement reserve account shall be used,
45 if necessary, solely to make the reimbursement payments herein obligated to be
46 made to the state treasury. When the general obligation bonds and the interest
47 thereon issued hereunder have been paid, any amount remaining in the
48 reimbursement reserve account, as prorated to such authorized project, shall be
49 transferred by the state treasurer to the applicable management board, governing
50 body, or state agency.

51 (C) No project bonds authorized by this Section shall be issued for any
52 authorized project unless and until a reimbursement contract has been entered into
53 and executed between the applicable management board, governing body, or state
54 agency and the State Bond Commission pertaining to the reimbursement payment
55 and reimbursement reserve account payments for such project. The contract shall
56 require payment into the state treasury of designated student fees or revenues or
57 other revenues in an amount sufficient to reimburse the cost to the state of the
58 principal, interest, and premium, if any, obligated to be paid by the state on such
59 project bonds. The State Bond Commission shall not be required to execute any
60 such reimbursement contract unless the estimates and projections of the designated
61 student fees or revenues or other revenues available for payment into the state

1 treasury thereunder for the authorized projects are sufficient to reimburse the costs
2 of the principal, interest, and premium, if any, on the project bonds. A
3 reimbursement contract hereunder shall be authorized by resolution of the applicable
4 management board, governing body, or state agency, or board or by act of the chief
5 executive officer if no governing board exists.

6 This authorization shall provide for the dates, amounts, and other details for the
7 payments required to be made to the state treasury and for the reserve account. The
8 authorization may contain such covenants with the State Bond Commission
9 regarding the fixing of rates for fees and charges or revenues and such other
10 covenants and agreements with the State Bond Commission as will assure the
11 required payments to the state treasury. The contract shall be subject to approval by
12 the Office of the Attorney General and the State Bond Commission and, when so
13 accepted and approved, shall conclusively constitute and be the reimbursement
14 contract for an authorized project, as required hereunder.

15 (D) The obligation to make the reimbursement payments as required by a
16 reimbursement contract may be represented by the issuance by the applicable
17 management board, governing body, or state agency of its nonnegotiable revenue
18 obligation in the form of a bond or other evidence of indebtedness, hereinafter
19 referred to as "reimbursement bond". The reimbursement bond shall be issued in a
20 single bond form, without coupons, in the principal amount equal to the aggregate
21 principal amount of project bonds, shall be registered in principal and interest in the
22 name of and be payable to the State Bond Commission, shall bear interest at a rate
23 or rates equal to the interest rate or rates payable on the project bonds, and shall be
24 payable as to principal and interest at such times, in such manner, from designated
25 student fees or revenues, or other revenues, and be subject to such terms and
26 conditions as shall be provided in the authorizing resolution or document executed
27 by a chief executive officer, where applicable. This authorization shall be subject
28 to approval by the State Bond Commission and the Office of the Attorney General,
29 and when so accepted and approved, the authorization shall constitute and be the
30 reimbursement contract for such authorized project, as required hereunder. The
31 reimbursement bonds authorized under the provisions of this Section may be issued
32 on a parity with outstanding reimbursement bonds of the applicable management
33 board, governing body, or state agency, or issued on a subordinate lien basis to
34 outstanding bonds, or a combination thereof, and may include and contain such
35 covenants with the State Bond Commission for the security and payment of the
36 reimbursement bonds and such other customary provisions and conditions for their
37 issuance by the applicable management board, governing body, or state agency as
38 are authorized and provided for by general law and by this Section. Until project
39 bonds for an authorized project have been paid, the applicable management board,
40 governing body, or state agency shall impose fees and charges in an amount
41 sufficient to comply with the covenants securing outstanding bonds and to make the
42 payments required by the reimbursement contract.

43 (E) In addition to the other payments herein required, reimbursement
44 contracts shall provide for the setting aside of sufficient student fees or revenues or
45 other revenues in a reserve fund, so that within a period of not less than ten years
46 from date of issuance of project bonds there shall be accumulated in a reserve fund
47 monies equal to a sum not less than the average annual debt service requirements on
48 such project bonds. Monies in the reserve fund shall be used for the purpose of
49 remedying or preventing a default in making the required payments under a
50 reimbursement contract. The reserve fund required hereunder may consist of a
51 reserve fund heretofore or hereafter established to secure payments for
52 reimbursement bonds of the applicable management board, governing body, or state
53 agency, provided that (1) payments from said reserve fund to secure the payments
54 required to be made under a reimbursement contract shall be on a parity with the
55 payments to be made securing outstanding bonds and additional parity bonds and (2)
56 no additional parity reimbursement bonds shall be issued except pursuant to the
57 establishment and maintenance of an adequate reserve fund as approved by the State
58 Bond Commission.

59 (F) When the balance of reimbursement bond proceeds, for a project, are
60 allocated to another project, the State Bond Commission is authorized to make the

1 appropriate amendment to the reimbursement contract with the agency making the
2 reimbursement payments.

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

35 Section 24. Unless specifically repealed, this Act shall expire, and be
36 considered null and void and of no further effect on June 30, 2021, except as to any
37 bonds authorized herein (1) which have been sold, (2) to which lines of credit have
38 been issued, or (3) for which contracts for construction have been signed.

39 Section 25."