

**ACT No. 289**

2020 Regular Session

HOUSE BILL NO. 634

BY REPRESENTATIVE HUVAL

1 AN ACT

2 To amend and reenact R.S. 39:1221 and 1242(A)(4) and to enact R.S. 39:1242(E), relative  
3 to security for local deposits; to provide for kinds of security for local deposits; to  
4 remove certain restrictions on bank collateral for local funds; and to provide for  
5 related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 39:1221 and 1242(A)(4) are hereby amended and reenacted and R.S.  
8 39:1242(E) is hereby enacted to read as follows:

9 §1221. Security for deposits; kinds

10 A. Local depositing authorities shall require as security for deposits:

11 (1) Bonds or other interest-bearing securities of the United States, or any  
12 agency thereof, including but not limited to the Federal National Mortgage  
13 Association, or bonds or other interest-bearing obligations guaranteed fully or  
14 partially as to principal and interest by the United States, or by any agency thereof;  
15 or bonds of any possession of the United States; or unmatured bonds of this state,  
16 including both direct and indirect obligations and also, including bonds or other  
17 interest-bearing obligations, whether supported by revenue or by the avails of taxes,  
18 of the ~~State~~ state of Louisiana or of any agency, board, commission, department or  
19 division thereof or of any agency, public corporation or authority created by or  
20 recognized by the ~~State~~ state of Louisiana; or unmatured bonds of any parish,  
21 municipality, levee board, road district, school board or school district of this state;  
22 or bonds of any parish, municipality, industrial district or industrial board which are

1           secured by a lease executed in accordance with the provisions of ~~Article XIV,~~  
 2           ~~Section 14, Paragraphs b.2 or b.3 of the Constitution of the State of Louisiana for the~~  
 3           ~~year 1921 or R.S. 39:1001~~ R.S. 39:551.1, 551.2, 991, 992, or 1011 et seq. or R.S.  
 4           51:1151 et seq., as amended, and partially or fully guaranteed by the Louisiana  
 5           Board of Commerce and Industry in accordance with the provisions of the Bond  
 6           Lease Guarantee Act of the regular session of the Louisiana Legislature of 1968.

7                     (2) Certificates of indebtedness, including paving certificates, of any  
 8           subdivision of this state referred to in Paragraph (1) of this ~~Section~~ Subsection.

9                     (3) Promissory notes either of the authority letting the deposits or of any  
 10          other authority referred to in Paragraph (1) of this ~~Section~~ Subsection, which notes  
 11          must be either unmatured or payable on demand.

12                    (4) Evidence of participation in such promissory notes issued by any bank,  
 13          trust company, or recognized bank clearing house association domiciled in this state.

14                    (5) Notes representing loans to students which are guaranteed by the  
 15          ~~Louisiana Higher Education Assistance Commission~~ Board of Regents in accordance  
 16          with a contract agreement between the lender and the ~~commission~~ board under the  
 17          provisions of R.S. 17:3021 et seq.

18                    (6) Deposit guaranty bonds underwritten and guaranteed by an insurance  
 19          company, licensed to do business in this state, listed as an approved surety by the  
 20          United States Department of the Treasury, that provide coverage for deposits of  
 21          depositing authorities in excess of the amounts insured by the Federal Deposit  
 22          Insurance Corporation or any other governmental agency insuring bank or other  
 23          financial institution deposits that is organized under the laws of the United States,  
 24          and the form and content of which are approved in advance by the state treasurer.

25                    (7) Notwithstanding any other law to the contrary, any obligation, security,  
 26          or investment that a political subdivision of the state may invest in directly as  
 27          provided in R.S. 33:2955, except as provided in Subsection B of this Section.

28                    (8) Letters of credit issued by the Federal Home Loan Bank as authorized by  
 29          R.S. 6:318 or 748.1.

1 (9) Any recognized system or program providing Federal Deposit Insurance  
2 Corporation insurance coverage as authorized by R.S. 6:319.

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

11 (11) Bonds, debentures, notes, or other indebtedness issued by domestic  
12 United States corporations provided that the indebtedness has a long-term rating of  
13 Aa3 or higher by Moody's Investors Service, a long-term rating of AA- or higher by  
14 Standard & Poor's, or a long-term rating of AA- or higher by Fitch Ratings, Inc.

15 B. Notwithstanding any other law to the contrary, there shall be no limitation  
16 or restriction on the duration of the bonds, debentures, notes, or other indebtedness  
17 used as security for deposits under this Section.

18 \* \* \*

19 §1242. Security for deposits

20 A. The commissioner of public finance, or the finance officer of cities  
21 having a population exceeding one hundred fifty thousand, or any department, board,  
22 commission, or institution thereof, shall require as security for deposits belonging  
23 to and held in their custody:

24 \* \* \*

25 (4) Notwithstanding any other law to the contrary, any obligation, security,  
26 or investment that a municipality may invest in directly as provided in R.S. 33:2955,  
27 except as provided in Subsection E of this Section.

28 \* \* \*

1                    E. Notwithstanding any other law to the contrary, there shall be no limitation  
2                    or restriction on the duration of the bonds, debentures, notes, or other indebtedness  
3                    used as security for deposits under this Section.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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PRESIDENT OF THE SENATE

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_