
DIGEST

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HB 836 Engrossed

2024 Regular Session

McFarland

Abstract: For purposes of laws requiring State Bond Commission approval of debt that local governments and other political subdivisions seek to incur, excludes from the definition of "debt" certain concession agreements and other obligations not required to be categorized as long-term debt per the Governmental Accounting Standards Board (GASB).

Present law prohibits political subdivisions, taxing districts, and political or public corporations from borrowing money, incurring debt, or issuing bonds or other evidences of debt, and from levying taxes or pledging uncollected taxes or revenues for the payment of debt, without the consent and approval of the State Bond Commission (commission). Proposed law retains present law.

Present law provides that the term "debt" or "evidence of debt", for purposes of present law, shall not include a lease of a movable or an installment purchase agreement financing the purchase of a movable if the lease or installment purchase agreement contains a nonappropriation clause and does not contain an anti-substitution or penalty clause. Stipulates, however, that if the lease or installment purchase agreement is entered into in conjunction with the issuance of bonds, notes, certificates, or other obligations which would otherwise be required to be approved by the commission, then commission approval of the transaction shall continue to be required.

Proposed law revises present law to establish that the term "debt" or "evidence of debt", for purposes of present law and proposed law, shall not include a lease or an installment purchase agreement that contains a nonappropriation clause and does not contain an anti-substitution or penalty clause. However, proposed law requires approval by the commission if the agreement is entered into in conjunction with the issuance of bonds, notes, or certificates which would otherwise be required to be approved by the commission.

Proposed law establishes additionally that the term "debt" or "evidence of debt", for purposes of present law and proposed law, shall not include a concession agreement or any other agreement or obligation that is either based on a usage payment and monthly term or not required to be categorized as long-term debt as defined by the GASB. Stipulates, however, that if the concession agreement or other agreement or obligation is entered into in conjunction with the issuance of bonds, notes, or certificates which would otherwise be required to be approved by the commission, then commission approval of the transaction shall continue to be required.

Proposed law provides that it shall be given prospective and retroactive application.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 39:1410.60(C)(1))