
DIGEST

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Fannin

HB No. 640

Abstract: Provides with respect to grant anticipation revenue vehicles.

Present law provides that the State Bond Commission, or its successor, on behalf of the state, is authorized to issue revenue anticipation bonds for the purpose of financing any qualified federal-aid transportation project or state transportation project secured by a pledge of federal transportation funds, state appropriated matching funds, proceeds of such bonds, earnings from the investment of such bond proceeds and other revenues, funds or other security, pledge or appropriated under state law.

Proposed law retains present law and provides that security for the bonds by federal transportation funds are maintained in a separate identifiable fund or account outside of the state treasury.

Present law provides that the federal share of the principal, interest, and costs associated with the issuance and administration of revenue anticipation bonds shall be paid from federal transportation funds that have been annually appropriated by the legislature.

Proposed law deletes the provision that the federal transportation funds shall be annually appropriated.

Proposed law further provides for the establishment of a special fund, administered by a trustee as designated by the State Bond Commission, for the purpose of providing for the securitization of any bonds and the servicing of such bonds as may be provided in any instrument pursuant to which such bonds were issued. The source of monies for the fund shall be the federal transportation funds. Federal transportation funds, up to the amount necessary to service the bonds, shall be set aside in a separate identifiable fund or account outside of the state treasury but maintained by the state treasury and such revenues shall be assigned and pledged to the trustee under the bond documents for the benefit of the holders of the bonds. Only after satisfaction of all requirements of R.S. 48:27(D)(2)(a) shall any federal transportation funds received by the state be available for any other purposes.

Present law provides that the State Bond Commission shall authorize the bonds by an adopted resolution provided that the issuance of such bonds and projects to be funded by them have been previously approved by the Joint Committee on Transportation, Highways and Public Works. The bonds issued may also be secured by a trust agreement by and between the State Bond Commission and one or more corporate trustees or fiscal agents. Such resolution or trust

agreement may provide that the trustee bank shall hold the proceeds of the bond pending expenditure for projects as approved by the JLCB. Present law provides for publication and notice requirements and peremption.

Proposed law retains present law and provides that the state treasurer may enter into a collection agreement with the trustee to provide for the collections of the federal transportation funds.

Present law provides that any bonds issued in accordance with present law shall constitute a contract between the state of La. and the bond holders and that non-appropriation of state matching funds or federal transportation funds in any given fiscal year for the servicing of such bonds shall not constitute an action impairing such contract.

Proposed law retains present law but exempts federal transportation funds from annual state appropriation and provides that financial obligations of the state under contracts with the bond holders are subject to annual appropriation as to state matching funds.

Proposed law changes the fiduciary responsibility from the State Bond Commission to the state.

Present law provides for details of the bonds that can be issued and provides that derivative products from acceptable credit enhancement devices may be used to enhance marketability of the bonds. Present law lists acceptable credit enhancement devices.

Proposed law deletes present law.

Proposed law provides that the bonds are not included in the calculation of net state tax supported debt as defined in R.S. 39:1367 unless such bonds are served by a state appropriation as set forth in a cooperative endeavor agreement.

(Amends R.S. 48:27(D)(1)(a), (2)(a), (E), (F), (G), and (H)(1) and (12))