

Regular Session, 2014

HOUSE BILL NO. 1175

BY REPRESENTATIVE BROADWATER

BONDS: Provides with respect to the issuance of bonds, notes, or other indebtedness of certain political subdivisions

1 AN ACT

2 To enact R.S. 39:1405.5, relative to the issuance of debt by political subdivisions; to require
3 the disclosure of certain information regarding outstanding judgments in applications
4 for the approval of a debt issuance; to require the provision of certain information
5 to the State Bond Commission and to judgment creditors; to require the State Bond
6 Commission to review certain information prior to granting approval of certain debt
7 issuances; to provide for certain definitions; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 39:1405.5 is hereby enacted to read as follows:

10 §1405.5. Other outstanding indebtedness

11 A.(1) The State Bond Commission shall require any political subdivision
12 applying for approval of bonds, notes, or other evidences of indebtedness to disclose
13 in its application the existence of any unsatisfied judgment on a contractual
14 obligation recorded after August 1, 2014. The State Bond Commission shall review
15 the information provided with respect to such a judgment prior to approval of any
16 evidences of indebtedness by the political subdivision.

17 (2) For each unsatisfied judgment subject to the disclosure requirements
18 provided for in this Subsection, the political subdivision shall provide the following
19 information:

1 (a) The date of the judgment and the name of the party in whose favor the
2 judgment was rendered.

3 (b) The monetary amount of the judgment which the political subdivision
4 was cast to pay.

5 (c) The current amount of the judgment remaining unpaid as of the date of
6 the application.

7 (d) The amount appropriated by the political subdivision in the current fiscal
8 year toward satisfaction of the judgment. If the current appropriation is insufficient
9 to satisfy the judgment, a statement as to the amount which the political subdivision
10 anticipates may be appropriated over the following five fiscal years for purposes of
11 satisfying the judgment.

12 (3) Prior to submission of an application to the State Bond Commission
13 which shall include the disclosure of an unsatisfied judgment, the political
14 subdivision shall provide to the respective judgment creditor a copy of the
15 information required in Paragraph (2) of this Subsection.

16 B. As used in this Section, "contractual obligation" shall mean a voluntary
17 written agreement between a political subdivision and any person or entity who
18 contracts to provide goods, services, or work for or on the behalf of the political
19 subdivision as an independent contractor, including but not limited to any
20 professional service contract, consulting agreement, or procurement contract.

21 C. Bonds, notes, or certificates of indebtedness shall not be invalid because
22 of any noncompliance with this Section and shall be incontestable in the hands of
23 bona fide purchasers or holders for value.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Broadwater

HB No. 1175

Abstract: Provides with respect to the disclosure of certain information regarding outstanding judgments in applications for the approval of debt issuance.

Proposed law provides that the State Bond Commission shall require any political subdivision applying for approval of bonds, notes, or other evidences of indebtedness to disclose in its application the existence of any unsatisfied judgment on a contractual obligation recorded after Aug. 1, 2014. Further provides that the State Bond Commission shall review such information prior to approval of any evidences of indebtedness by the political subdivision.

Proposed law provides that for each unsatisfied judgment subject to the disclosure requirements of proposed law, the political subdivision shall provide the date of the judgment, the name of the party in whose favor the judgment was rendered, the monetary amount of the judgment the political subdivision was cast to pay, the current unpaid amount of the judgment, and the amount appropriated by the political subdivision in the current fiscal year toward satisfaction of the judgment. Proposed law provides that if the current appropriation is insufficient to satisfy the judgment, a statement as to the amount the political subdivision anticipates may be appropriated over the following five fiscal years for purposes of satisfying the judgment.

Proposed law provides that prior to submission of an application to the State Bond Commission which includes the disclosure of an unsatisfied judgment, the political subdivision shall provide to the respective judgment creditor a copy of the information required in proposed law.

Proposed law provides that bonds, notes, or certificates of indebtedness shall not be invalid because of any noncompliance with proposed law and shall be incontestable in the hands of bona fide purchasers or holders for value.

(Adds 39:1405.5)