

SENATE SUMMARY OF HOUSE AMENDMENTS

SB 442 By Senator Martiny

KEYWORD AND SUMMARY AS RETURNED TO THE SENATE

MUNICIPALITIES. Provides for investments by political subdivisions. (8/1/14)

SUMMARY OF HOUSE AMENDMENTS TO THE SENATE BILL

1. Technical amendments by Legislative Bureau.

DIGEST OF THE SENATE BILL AS RETURNED TO THE SENATE

Martiny (SB 442)

Present law provides that bonds, debentures, notes, or other evidence of indebtedness issued by the state of Louisiana or any of its political subdivisions has a final maturity, mandatory tender, or a continuing optional tender of no more than three years, except that such three-year limitation shall not apply to funds held by a trustee, escrow agent, paying agent, or other third party custodian in connection with a bond issue or investment of funds held by either a hospital service district, a governmental 501(c)(3), or a public trust authority.

Proposed law retains present law and changes the final maturity, mandatory tender, or a continuing optional tender from three years to five years for bonds, debentures, notes, or other evidence of indebtedness issued by the state of Louisiana or any of its political subdivisions.

Present law provides that bonds, debentures, notes, or other indebtedness issued by a state of the United States of America other than Louisiana or any such state's political subdivisions has a final maturity, mandatory tender, or a continuing optional tender of no more than three years, except that such three-year limitation shall not apply to funds held by a trustee, escrow agent, paying agent, or other third party custodian in connection with a bond issue or investment of funds held by either a hospital service district, a governmental 501(c)(3), or a public trust authority.

Proposed law retains present law and changes the final maturity, mandatory tender, or a continuing optional tender from three years to five years for bonds, debentures, notes, or other indebtedness issued by a state of the United States of America other than Louisiana or any such state's political subdivisions.

Proposed law provides that bonds, debentures, notes, or other evidence of indebtedness issued by domestic United States corporations shall have a long-term rating of Aa3 or higher by Moody's Investors Service, a long-term rating of AA- or higher by Standard & Poor's or a long-term rating of AA- or higher by Fitch, Inc. and that the indebtedness has a final maturity, mandatory tender, or a continuing optional tender of no more than five years.

Proposed law requires that prior to purchase of any such indebtedness and at all times during which such indebtedness is owned, the purchasing Louisiana political subdivision retains the services of an investment advisor registered with the United States Securities and Exchange Commission.

Effective August 1, 2014.

(Amends R.S. 33:2955(A)(1)(j)(iii) and (k)(ii); adds R.S. 33:2955(A)(1)(l))

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