

2015 Regular Session

HOUSE BILL NO. 176

BY REPRESENTATIVE SHADOIN

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

LOCAL FINANCE: Provides relative to investments by political subdivisions

1 AN ACT

2 To amend and reenact R.S. 33:2955(A)(1)(k)(iii) and (l)(iii), relative to investments by
3 political subdivisions; to provide with respect to requirements for investments in
4 bonds, debentures, notes, or other indebtedness; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 33:2955(A)(1)(k)(iii) and (l)(iii) are hereby amended and reenacted
7 to read as follows:

8 §2955. Investments by political subdivisions

9 A.(1) All municipalities, parishes, school boards, and any other political
10 subdivisions of the state are hereby authorized and directed to invest such monies in
11 any general fund or special fund of the political subdivision, and any other funds
12 under the control of the political subdivision which they, in their discretion, may
13 determine to be available for investment in any of the following obligations:

14 * * *

15 (k) Bonds, debentures, notes, or other indebtedness issued by a state of the
16 United States of America other than Louisiana or any such state's political
17 subdivisions provided that all of the following conditions are met:

18 * * *

19 (iii) Prior to purchase of any such indebtedness and at all times during which
20 such indebtedness is owned, the purchasing Louisiana political subdivision retains

1 the services of an investment advisor registered with the United States Securities and
2 Exchange Commission or a trust company that has offices in Louisiana, that is
3 regulated by the Office of Financial Institutions or the applicable federal agency, and
4 that owes a fiduciary duty to act solely in the best interest of the political
5 subdivision.

6 (l) Bonds, debentures, notes, or other indebtedness issued by domestic
7 United States corporations provided that all of the following conditions are met:

8 * * *

9 (iii) Prior to purchase of any such indebtedness and at all times during which
10 such indebtedness is owned, the purchasing Louisiana political subdivision retains
11 the services of an investment advisor registered with the United States Securities and
12 Exchange Commission or a trust company that has offices in Louisiana, that is
13 regulated by the Office of Financial Institutions or the applicable federal agency, and
14 that owes a fiduciary duty to act solely in the best interest of the political
15 subdivision.

16 * * *

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)]

HB 176 Engrossed 2015 Regular Session Shadoin

Abstract: Provides relative to investments by political subdivisions pertaining to bonds, debentures, notes, or other indebtedness.

Present law authorizes all municipalities, parishes, school boards, and any other political subdivisions of the state to invest in certain obligations. Further provides that such monies may be invested in bonds, debentures, notes, or other indebtedness issued by a state other than La. or any such state's political subdivisions, or by domestic U.S. corporations, provided that certain conditions are met. Proposed law retains present law.

Present law provides that one such condition is, prior to purchase of any such indebtedness and at all times during which such indebtedness is owned, the purchasing La. political subdivision shall retain the services of an investment advisor registered with the U.S. Securities and Exchange Commission. Proposed law retains present law but allows the purchasing La. political subdivision the option of satisfying present law requirements by retaining the services of a trust company that has offices in La. and that is regulated by the Office of Financial Institutions or the applicable federal agency and that owes a fiduciary duty to act solely in the best interest of the political subdivision.

(Amends R.S. 33:2955(A)(1)(k)(iii) and (l)(iii))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Municipal, Parochial and Cultural Affairs to the original bill:

1. Delete banks as institutions that political subdivisions may retain as a means of satisfying present law requirements.
2. Add a requirement that any trust company retained owe a fiduciary duty to act solely in the best interest of the political subdivision.