
DIGEST

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HB 496 Original

2019 Regular Session

Abramson

Abstract: Establishes the La. Capital Outlay Revolving Loan Bank to provide financial assistance for eligible infrastructure projects of local governments and political subdivisions.

Proposed law provides definitions for purposes of proposed law including those for "approved infrastructure program", "eligible infrastructure project", "certifying department", and "local government".

Proposed law establishes within the state treasury, the La. Capital Outlay Revolving Loan Bank, hereinafter "bank", and provides for its structure, powers, and duties.

Proposed law provides that the bank shall be governed by a board of seven directors, hereinafter "board", as follows:

- (1) The state treasurer, or his designee.
- (2) One member appointed by the state treasurer
- (3) One member appointed by the governor who has experience with the Clean Water State Revolving Loan Fund, the Drinking Water Revolving Loan Fund, or the state capital outlay budget process.
- (4) One member appointed by the speaker of the House of Representatives.
- (5) One member appointed by the president of the Senate.
- (6) One member appointed by the state treasurer from a list of three nominees submitted by the Louisiana Municipal Association.
- (7) One member appointed by the state treasurer from a list of three nominees submitted by the Louisiana Police Jury Association.

Proposed law requires the appointees of the state treasurer, the speaker of the House, and the president of the Senate to possess no less than five years of business or commercial lending experience.

Proposed law provides that the board may appoint an executive director to administer the affairs of

the bank, who shall be appointed and serve at the pleasure of the board.

Proposed law requires the board to adopt bylaws and to promulgate rules and regulations in accordance with the Administrative Procedure Act concerning its fulfillment of the requirements of proposed law.

Proposed law provides that the board shall exercise its duties and responsibilities under proposed law separate and apart from the independent duties, responsibilities and review processes of the State Bond Commission.

Proposed law provides for the powers of the board and the bank, which include the following:

- (1) To execute contracts and other instruments necessary for the exercise of its powers and functions, including credit enhancement devices, guarantees, pledges, and interest rate swap agreements, necessary for the implementation of the purpose of the bank.
- (2) To receive and administer all monies and any other property available for purposes of the bank.
- (3) To make low interest loans from a revolving loan fund or from any other monies on deposit with the bank.
- (4) To provide the following assistance regarding local government capital infrastructure projects:
 - (a) Offer or enter into loan guarantees, letters of credit, grants, or other forms of assistance, payments to reduce interest on loans, bond interest subsidies for bonds, provide bond guarantees, and assistance with respect to the non-federal share of project costs.
 - (b) Finance the cost and the preparation of project plans, specifications, and estimates for projects.
 - (c) Secure the principal, interest, and premium, on bonds or other evidences of indebtedness issued for a project if the proceeds of the bonds are deposited into the revolving loan fund of the bank and are used only for the expenses of the project.
 - (d) Improve credit market access by guaranteeing, arranging, or purchasing bond insurance or other credit enhancement devices for debt obligations issued for the project.
 - (e) Finance programs authorized under a federal grant.
 - (f) Establish by rule, a schedule of reasonable fees and charges to pay the costs of administering the bank.

Proposed law requires that before a loan or other assistance may be requested from the bank, the project shall first have been approved by the "certifying department" of state government that has authority to administer and approve the project in accordance with present law governing the respective approved infrastructure program.

Proposed law, with respect to a bond, note, or other evidence of indebtedness of a local government issued through a bank loan, requires the same requirements concerning interest rates and public notice as provided in present law concerning the adoption of a resolution or ordinance authorizing the issuance of indebtedness.

Proposed law authorizes a local government to pledge as security for a bank loan and any ancillary fees or other costs, any revenues from its general revenue fund, sales taxes, sewer user fees, assessments, parcel fees, or ad valorem property taxes.

Proposed law exempts from taxation any interest on bonds, notes, or other evidences of indebtedness issued through a bank loan.

Proposed law for purposes of security of debt or performance obligations of debt for projects, authorizes the bank to issue and deliver evidences of its guarantee of the debt of other entities, and to execute pledges of the monies on deposit in the bank, including payments pursuant to letters of credit. All evidences of indebtedness, guarantees, and pledges delivered pursuant to this authority shall constitute limited obligations of the bank and shall not be secured by the full faith and credit of the state.

Proposed law provides that the withdrawal of monies from the revolving loan fund to pay debt service on any bond, note, or other evidence of indebtedness, obligation of guarantee of any debt, or pledge to secure any debt shall not constitute or be subject to appropriation by the legislature.

Present law provides for the definition of "net state tax supported debt" and includes those issuances excluded from the definition.

Proposed law retains present law and adds as an exclusion, any bond, note, certificate, warrant, reimbursement obligation, or other evidence of indebtedness issued pursuant to proposed law.

Effective July 1, 2019.

(Adds R.S. 39:462.1 through 462.5 and 1367(E)(2)(b)(vii))