

Regular Session, 2011

HOUSE BILL NO. 366

BY REPRESENTATIVE HENDERSON

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

BONDS: Provides for forgiveness of loans under the Local Debt Service Assistance Program

1 AN ACT

2 To enact Section 7-A of Act No. 41 of the 2006 First Extraordinary Session of the
3 Legislature, relative to the forgiveness of certain debts due to the state of Louisiana
4 pursuant to the Local Debt Service Assistance Program; to authorize the state of
5 Louisiana to forgive certain loans made by the state of Louisiana to certain political
6 subdivisions affected by Hurricanes Katrina and Rita; to assist such political
7 subdivisions to pay debt service on their outstanding debt; to provide for an effective
8 date; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. Section 7-A of Act No. 41 of the 2006 First Extraordinary Session of the
11 Legislature is hereby enacted to read as follows:

12 Section 7-A. Forgiveness of Debt

13 Notwithstanding any other provision of this Act to the contrary, including
14 specifically Section 7 hereof, the state of Louisiana is hereby authorized to forgive
15 the amounts, including principal, interest, and premium, owed by affected political
16 subdivisions who borrowed money from the state for the payment of debt service due
17 and payable on qualified bonds, notes, certificates of indebtedness, or other written
18 obligations for the repayment of borrowed money of an affected political
19 subdivision, pursuant to the Local Debt Service Assistance Program described in
20 Section 7 hereof. Such indebtedness owed to the state, which may be evidenced by

1 notes, other evidences of indebtedness or cooperative endeavor agreements, is hereby
 2 canceled and forgiven. The commissioner of administration is authorized to execute
 3 such documents or take such action as may be deemed necessary or appropriate to
 4 implement the provisions of this Section.

5 Section 2. This Act shall become effective upon signature by the governor or, if not
 6 signed by the governor, upon expiration of the time for bills to become law without signature
 7 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 8 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 9 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

Henderson

HB No. 366

Abstract: Provides for forgiveness of loans by the state to affected political subdivisions under the Local Debt Service Assistance Program.

Present law authorizes the issuance of state general obligation bonds and other evidences of state debt issued pursuant to present law, (Art. VII, §6 of the Constitution of La. and the Gulf Opportunity Zone Act of 2005) to provide relief from natural catastrophes by providing monies for the payment of debt service of affected political subdivisions and the state.

Present law provides that a portion of the proceeds of the bonds shall be used for distribution to affected political subdivisions pursuant to a program of loans for the payment of debt service on certain debt in accordance with the provisions of the Gulf Opportunity Zone Act of 2005. Present law provides for a local debt service assistance program and provides that such loans shall be made with the expectation of payment to the state pursuant to notes, other evidences of indebtedness, or cooperative endeavor agreements.

Proposed law authorizes the state of La. to forgive the amounts, including principal, interest, and premium, owed by affected political subdivisions who borrowed money from the state for the payment of debt service pursuant to the local debt service assistance program. Proposed law cancels and forgives such indebtedness to the state.

Proposed law authorizes the commissioner of administration to execute such documents or take such action as may be deemed necessary or appropriate to implement the provisions of proposed law.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds Section 7-A of Act No. 41 of 2006 1st ES)