

Regular Session, 2009

HOUSE BILL NO. 593

BY REPRESENTATIVE BILLIOT

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

LOCAL FINANCE/INVESTMENT: Provides with respect to the investment in bonds by political subdivisions

1 AN ACT

2 To enact R.S. 33:2955(A)(1)(j), relative to investments by political subdivisions; to provide  
3 for investment in debt instruments issued by the state; to provide for investment in  
4 debt instruments issued by other political subdivisions; to provide restrictions on  
5 such types of investment; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 33:2955(A)(1)(j) is hereby enacted 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 (j) Bonds, debentures, notes, or other evidence of indebtedness issued by the  
16 state of Louisiana or any of its political subdivisions; however:

17 (i) No political subdivision may purchase its own indebtedness.

18 (ii) The indebtedness shall have a minimum investment grade rating of Baa3  
19 or higher by Moody's Investor Service, a rating of BBB- or higher by the Standard  
20 and Poor Corporation or a rating of BBB- or higher by Fitch, Inc.

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**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)]

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Billiot

HB No. 593

**Abstract:** Authorizes political subdivisions to invest in debt instruments issued by the state or its political subdivisions.

Present law authorizes municipalities, parishes, school boards, and other political subdivisions to invest available monies in certain types of investment vehicles. Subject to certain restrictions, these authorized investments include but are not limited to:

- (1) U.S. Treasury obligations.
- (2) Bonds, notes, etc., backed by the full faith and credit of the U.S.
- (3) Bonds, notes, etc., issued or guaranteed by U.S. government instrumentalities.
- (4) Direct security purchase agreements.
- (5) Certificates of deposit.
- (6) Mutual or trust fund institutions.

Proposed law retains present law and further authorizes political subdivisions to invest in debt instruments issued by the state or its political subdivisions.

Proposed law requires that the investments meet a certain minimum national investment grade rating. Proposed law also prohibits a political subdivision from buying its own debt.

(Adds R.S. 33:2955(A)(1)(j))