
DIGEST

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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))