
The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Martha S. Hess.

DIGEST

Riser (SB 499)

Proposed law prohibits the State Bond Commission from selling or approving bonds, notes, or other evidences of indebtedness of any political subdivision required by the Constitution or laws to be sold or approved by the State Bond Commission, if the political subdivision has a notice of eligible judgment on file with the State Bond Commission, unless the political subdivision has obtained prior written approval from the judgment creditor or the notice is withdrawn as provided in proposed law.

Proposed law defines "eligible judgment" to mean a judgment which has become final and nonappealable issued by a court of competent jurisdiction after the effective date of proposed law, against a political subdivision for amounts owed for work or services performed under a contractual obligation, which judgment is recorded in the mortgage records in the parish where the political subdivision is located.

Proposed law defines "contractual obligation" to mean a voluntary written agreement between a political subdivision and any person or entity who contracts to provide goods, services, expertise, or work for, or on the behalf of, the political subdivision as an independent contractor, including, but not limited to, any professional service contract, consulting agreement, or procurement contract.

Proposed law provides that the notice of eligible judgment filed with the State Bond Commission shall state the amount of the judgment indebtedness and shall include a copy of the recorded eligible judgment. The notice shall remain on file with the State Bond Commission until withdrawn. The notice shall be withdrawn by the judgment creditor promptly upon satisfaction of the judgment or by the State Bond Commission upon the petition of a political subdivision after a showing that the eligible judgment has been canceled by the recorder of mortgages in all applicable parishes or that the notice of judgment was improperly filed on a non-eligible judgment.

Proposed law prohibits the State Bond Commission from approving any bonds, notes, or other evidences of indebtedness by any political subdivision, special district, public trust, or other entity seeking to issue on behalf of a political subdivision which has a notice of eligible judgment on file with the State Bond Commission, unless the proposed issuer has obtained prior written approval from the judgment creditor described in the notice or the judgment is withdrawn as provided in proposed law.

Proposed law provides that bonds, notes or certificates of indebtedness shall not be invalid because of any non-compliance with proposed law and shall be incontestable in the hands of bona fide purchasers or holders for value.

Effective August 1, 2012.

(Adds R.S. 39:1405.5)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs
to the original bill.

1. Changes definition of "eligible judgment" to mean a judgment which has become final and nonappealable and removes reference to appeal bond.
2. Technical amendment.