2024 Regular Session

HOUSE BILL NO. 836

BY REPRESENTATIVE MCFARLAND

LOCAL FINANCE: Provides that certain non-debt-forming concession agreements and other obligations are not deemed as debt requiring approval of the State Bond Commission

1	AN ACT
2	To amend and reenact R.S. 39:1410.60(C)(1), relative to local government finance; to
3	provide relative to incurring of indebtedness by political subdivisions, taxing
4	districts, and political or public corporations; to provide relative to the meaning of
5	the terms "debt" and "evidence of debt" for purposes of such indebtedness; to
6	exclude certain agreements and obligations from the meaning of such terms; to
7	specify circumstances in which State Bond Commission approval of certain
8	financing transactions is required; to provide for retroactive application; to provide
9	for effectiveness; and to provide for related matters.
10	Be it enacted by the Legislature of Louisiana:
11	Section 1. R.S. 39:1410.60(C)(1) is hereby amended and reenacted to read as
12	follows:
13	§1410.60. Approval of application; incurring indebtedness
14	* * *
15	C.(1)(a) As used in this Section, the term "debt" or "evidence of debt" shall
16	not include any of the following agreements, unless the agreement is entered into in
17	conjunction with the issuance of bonds, notes, or certificates for which approval by
18	the State Bond Commission would otherwise be required:

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	(i) a lease of a movable <u>A lease</u> or an installment purchase agreement
2	financing the purchase of a movable if the lease or installment purchase agreement
3	that contains a nonappropriation clause, and does not contain an anti-substitution or
4	penalty clause; provided that if such lease or installment purchase agreement is
5	entered into in conjunction with the issuance of bonds, notes, certificates, or other
6	obligations which would otherwise be required to be approved by the State Bond
7	Commission, State Bond Commission approval of such financing transaction shall
8	continue to be required.
9	(ii) A concession agreement or any other agreement or obligation that meets
10	either of the following criteria:
11	(aa) It is based on a usage payment and monthly term.
12	(bb) It is not required to be categorized as long-term debt as defined by the
13	Governmental Accounting Standards Board.
14	(b) If an agreement listed in Item (a)(i) or (ii) of this Paragraph is entered
15	into in conjunction with the issuance of bonds, notes, or certificates which would
16	otherwise be required to be approved by the State Bond Commission, approval by
17	the State Bond Commission of such financing transaction shall continue to be
18	required.
19	* * *
20	Section 2. The provisions of this Act shall be given prospective and retroactive
21	application.
22	Section 3. This Act shall become effective upon signature by the governor or, if not
23	signed by the governor, upon expiration of the time for bills to become law without signature
24	by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
25	vetoed by the governor and subsequently approved by the legislature, this Act shall become
26	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. 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)]

HB 836 Original

2024 Regular Session

McFarland

Abstract: For purposes of laws requiring State Bond Commission approval of debt that local governments and other political subdivisions seek to incur, excludes from the definition of "debt" certain concession agreements and other obligations not required to be categorized as long-term debt per the Governmental Accounting Standards Board (GASB).

<u>Present law</u> prohibits political subdivisions, taxing districts, and political or public corporations from borrowing money, incurring debt, or issuing bonds or other evidences of debt, and from levying taxes or pledging uncollected taxes or revenues for the payment of debt, without the consent and approval of the State Bond Commission (commission). <u>Proposed law</u> retains present law.

<u>Present law</u> provides that the term "debt" or "evidence of debt", for purposes of <u>present law</u>, shall not include a lease of a movable or an installment purchase agreement financing the purchase of a movable if the lease or installment purchase agreement contains a nonappropriation clause and does not contain an anti-substitution or penalty clause. Stipulates, however, that if the lease or installment purchase agreement is entered into in conjunction with the issuance of bonds, notes, certificates, or other obligations which would otherwise be required to be approved by the commission, then commission approval of the transaction shall continue to be required.

<u>Proposed law</u> revises <u>present law</u> to establish that the term "debt" or "evidence of debt", for purposes of <u>present law</u> and <u>proposed law</u>, shall not include a lease or an installment purchase agreement that contains a nonappropriation clause and does not contain an anti-substitution or penalty clause. However, <u>proposed law</u> requires approval by the commission if the agreement is entered into in conjunction with the issuance of bonds, notes, or certificates which would otherwise be required to be approved by the commission.

<u>Proposed law</u> establishes additionally that the term "debt" or "evidence of debt", for purposes of <u>present law</u> and <u>proposed law</u>, shall not include a concession agreement or any other agreement or obligation that is either based on a usage payment and monthly term or not required to be categorized as long-term debt as defined by the GASB. Stipulates, however, that if the concession agreement or other agreement or obligation is entered into in conjunction with the issuance of bonds, notes, or certificates which would otherwise be required to be approved by the commission, then commission approval of the transaction shall continue to be required.

<u>Proposed law</u> provides that it shall be given prospective and retroactive application.

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

(Amends R.S. 39:1410.60(C)(1))