
DIGEST

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Brossett

HB No. 83

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 §7-A of Act No. 41 of 2006 1st E.S.)