

RÉSUMÉ DIGEST

HB 900

2018 Regular Session

Abramson

Proposed law would have established the La. Capital Outlay Revolving Loan Bank to provide financial assistance for capital infrastructure projects of local governments and political subdivisions.

Proposed law would have provided that the bank be governed by a board of directors, hereinafter "board", composed of the members of the State Bond Commission. The state treasurer would have served as chairman of the board. The board would have been authorized to adopt bylaws and to promulgate rules and regulations in accordance with the Administrative Procedure Act concerning its fulfillment of the requirements of proposed law.

Proposed law would have provided for the powers of the board and the bank, which include the following:

- (1) To execute contracts and other instruments necessary or convenient for the exercise of its powers and functions, including but not limited to credit enhancement devices, guarantees, pledges, interest rate swap agreements, other agreements to the extent necessary or convenient for the implementation of the purpose of bank as provided in proposed law.
- (2) To receive and administer all monies and any other property available for purposes of the bank.
- (3) To make low interest loans from a revolving loan fund or from any other monies on deposit with the bank.
- (4) To provide the following assistance regarding local government capital infrastructure projects:
 - (a) Offer and make or enter into loan guarantees, letters of credit, grants, or other forms of assistance, payments to reduce interest on loans, bond interest subsidies for bonds, provide bond guarantees, and assistance with respect to the non-federal share of project costs.
 - (b) Finance the cost of and the preparation of project plans, specifications, and estimates for projects
 - (c) Secure the principal, interest, and premium, if any, on bonds or other evidence of indebtedness issued for a project if the proceeds of the bonds are deposited into the revolving loan fund of the bank and are used only for the expenses of the project.
 - (d) Improve credit market access by guaranteeing, arranging, or purchasing bond insurance or other credit enhancement devices for debt obligations issued for the project.
 - (e) Finance programs authorized under a federal grant.
 - (f) Establish by rule a schedule of reasonable fees and charges to pay the costs of administering the bank.

Proposed law would have required that before a loan or other assistance may have been requested from the bank, the project first shall have been approved by the "certifying department" of state government that had authority to administer and approve the project in accordance with existing law governing the respective approved infrastructure program.

Proposed law would have authorized a local government to pledge as security for a bank loan and any ancillary fees or other costs, any revenues from its general revenue fund, sales taxes, sewer user fees, assessments, parcel fees, or ad valorem property taxes.

Proposed law would have exempted from taxation any interest on bonds, notes, or other evidence of indebtedness issued through a bank loan.

Proposed law for purposes of security of debt or performance obligations of debt for projects, would have authorized the bank to issue and deliver evidences of its guarantee of the debt of other entities, and to execute pledges of the monies on deposit in the bank, including payments pursuant to letters of credit. All evidences of indebtedness, guarantees, and pledges delivered pursuant to this authority would have constituted limited obligations of the bank and would not have been secured by the full faith and credit of the state.

Existing law defines "net state tax supported debt" to include those issuances excluded from the definition.

Proposed law would have added as an exclusion, any bond, note, certificate, warrant, reimbursement obligation, or other evidence of indebtedness issued pursuant to proposed law.

Proposed law would have prohibited the forgiveness or waiver of payments due on any loan made by the bank, unless the forgiveness were authorized by the enactment of a specific legislative instrument receiving 2/3rds vote of both houses of the legislature.

(Proposed to add R.S. 39:462.1 through 462.6 and 1367(E)(2)(b)(vii))

VETO MESSAGE:

"This bill attempts to restructure the method of obtaining funds for capital projects by local governments and other political subdivisions outside of the current capital outlay process. The proposed mechanism for this funding would be revenues generated by the transfer and sale of securities currently held in the Unclaimed Property Fund.

At this point, this bill is premature. This program would not be in effect unless and until a constitutional amendment is passed by the voters of Louisiana. That constitutional amendment has not even been proposed and cannot be considered until 2019 at the earliest. Further, many of the details of how the Louisiana Capitol Outlay Revolving Loan Bank would operate and its impact on state programs have not been worked out. As an example, there has not been a full consideration of the potential impact to the state general fund, as excess unclaimed property funds would be moved into the proposed capital outlay bank instead of to the state general fund as is the current practice.

I will offer the cooperation of my administration, and more specifically, the Division of Administration, to work with the Treasurer's office over the next year to determine if a viable program can be developed before the 2019 legislative session."