

Regular Session, 2011

HOUSE BILL NO. 310

BY REPRESENTATIVE HENRY

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

ECONOMIC DEVEL/SECY: Provides with respect to the secretary's approval of bond-financed local contracts

1 AN ACT

2 To amend and reenact R.S. 39:551.1 and 997(A) and R.S. 51:1157.1, relative to bonds to
3 encourage industrial enterprises and bonds issued by municipal and parish industrial
4 development boards; to delete the approval requirement of the State Board of
5 Commerce and Industry or its successor; to provide with respect to the State Bond
6 Commission; to delete the approval requirement of the secretary of the Department
7 of Economic Development; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 39:551.1 and 997(A) are hereby amended and reenacted to read as
10 follows:

11 §551.1. Parish, ward, or municipality; power to incur debt and issue bonds to
12 encourage industrial enterprises.

13 Any parish, ward, or municipality of this state, in order to encourage the
14 location of or addition to industrial enterprises therein, may incur debt and issue
15 negotiable bonds under the provisions of and in accordance with the existing laws
16 relating to incurring debt and issuing bonds, and may use the funds derived from the
17 sale of such bonds, which shall not be sold for less than par or bear a greater rate of
18 interest than that authorized in Act No. 19 of the First Extraordinary Session of 1975,
19 [R.S. 39:1421 to ~~39:1426~~], as the same now exists or may be hereafter amended,
20 payable annually or semiannually, to acquire industrial plant sites and other

1 necessary property or appurtenances for and to acquire or construct industrial plant
2 buildings located within such parish, ward, or municipality, as the case may be, and
3 may sell, lease, or otherwise dispose of a plant site, appurtenances and plant
4 building, or buildings, either, both, or severally, by suitable and appropriate contract,
5 to any enterprise locating or existing within such parish, ward, or municipality.
6 Bonds so issued shall not exceed in the aggregate twenty percent of the assessed
7 valuation of the taxable property of such parish, ward, or municipality, including
8 both (i) homestead exempt property which shall be included on the assessment roll
9 for the purposes of calculating debt limitation and (ii) nonexempt property, to be
10 ascertained by the last assessment for parish, ward, or municipal purposes previous
11 to delivery of the bonds representing such indebtedness, regardless of the date of the
12 election at which said bonds shall have been voted. Such bonds shall not run for a
13 longer period than twenty-five years from date thereof. Any income or revenue
14 accruing to the parish, ward, or municipality from such contract shall be deposited
15 in the sinking fund dedicated to the payment of any debt incurred herein. In
16 addition, before the calling and holding of an election to incur debt and issue bonds
17 for such purpose, any existing similar and directly competing industry situated
18 within such parish, ward, or municipality, as the case may be, must first have filed
19 with the governing authority calling the election a written consent to the incurring
20 of debt and issuing of bonds for the purpose of encouraging the location therein of
21 such industrial enterprise, and, before calling an election to vote on incurring debt
22 and issuing bonds to carry out any plan to encourage the location of or additions to
23 industrial enterprise, the State Bond Commission ~~and the State Board of Commerce~~
24 ~~and Industry or their its successors successor~~ in function ~~each~~ shall certify ~~their~~ its
25 approval of any proposed contract between the parish, ward, or municipality and
26 industrial enterprise to be aided, encouraged, or benefited. A municipality may incur
27 debt, issue negotiable bonds, and use the funds derived from the sale of the bonds
28 under the provisions of this Section to encourage the location of or addition to

1 industrial enterprises in an adjoining area or area outside the corporate limits of the
2 municipality but within the parish in which the municipality is located.

3 * * *

4 §997. Approval by state bond commission ~~and tax board and board of commerce~~
5 ~~and industry~~; validation; interest rates

6 A. Before incurring debt and issuing bonds to carry out any plans to
7 encourage the location of or additions to an industrial enterprise, the State Bond ~~and~~
8 ~~Tax Board and Board of Commerce and Industry~~ Commission or ~~their~~ its successors
9 successor in function, shall certify ~~their~~ its approval of any proposed contract
10 between the municipality and the industrial enterprise to be aided, encouraged, or
11 benefitted. The maximum interest rate at which bonds may be issued under this Part
12 shall not exceed the maximum rate for conventional interest fixed by the Louisiana
13 Civil Code.

14 * * *

15 Section 2. R.S. 51:1157.1 is hereby amended and reenacted to read as follows:

16 §1157.1. Approval by State Bond Commission ~~and Secretary of Economic~~
17 ~~Development~~

18 Any proposed instrument which provides security for the payment of bonds
19 issued by the corporation shall be approved by the State Bond Commission ~~and the~~
20 ~~secretary of the Department of Economic Development~~. The issuance and sale of
21 any bonds by the corporation shall also be approved by the State Bond Commission.

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)]

Henry

HB No. 310

Abstract: Provides relative to bonds to encourage industrial enterprises and bonds issued by municipal and parish industrial development boards; deletes the approval requirement of the State Board of Commerce and Industry; changes the name of the successor in function of the State Bond and Tax Board; and deletes the approval requirement of the secretary of the Dept. of Economic Development.

Present law provides that any parish, ward, or municipality of the state, to encourage the location of or addition to industrial enterprises, may incur debt and issue bonds and further provides regarding the maturity and maximum amount of issuance of such bonds. Further provides that approval of the State Bond Commission and the State Board of Commerce and Industry or their successors in function shall certify their approval of any proposed contract between the parish, ward, or municipality and industrial enterprise to be aided, encouraged, or benefited.

Proposed law deletes the approval requirement of the State Board of Commerce and Industry or its successor in function.

Present law provides for approval by the State Bond and Tax Board and Board of Commerce and Industry or their successors in function prior to incurring debt and issuing bonds to encourage the location of or additions to an industrial enterprise.

Proposed law changes the name of the State Bond and Tax Board to its successor in function, the State Bond Commission, and deletes the approval requirement of the Board of Commerce and Industry or its successor in function.

Present law provides that any proposed instrument which provides security for the payment of bonds issued by the corporations of municipal and parish industrial development boards shall be approved by the State Bond Commission and the secretary of the Dept. of Economic Development.

Proposed law deletes the approval requirement of the secretary of the Dept. of Economic Development.

(Amends R.S. 39:551.1 and 997(A) and R.S. 51:1157.1)