

SENATE BILL NO. 118

BY SENATORS DORSEY-COLOMB AND WALSWORTH

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

AN ACT

To enact R.S. 39:1357, relative to fiscal administrators for political subdivisions; to establish the Fiscal Administrator Revolving Loan Fund as a special fund in the state treasury; to provide for the deposit of certain monies into the fund; to provide for the uses of monies in the fund; to authorize certain political subdivisions to borrow from the fund; to provide the terms and conditions of such borrowing; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 39:1357 is hereby enacted to read as follows:

§1357. Fiscal Administrator Revolving Loan Fund

A. There is hereby established a revolving fund in the state treasury to be known as the "Fiscal Administrator Revolving Loan Fund", hereinafter referred to as the "fund", which shall be maintained and operated by the Department of the Treasury. The source of monies deposited in and credited to the fund shall be all grants, gifts, and donations received by the state for the purpose of funding fiscal administrators; any money appropriated by the legislature to the fund; the repayment of principal of and interest on loans and other obligations made to political subdivisions financed from the fund; and other revenues as may be provided by law.

B. Money in the fund shall be invested by the state treasurer in the same manner as money in the state general fund. Interest earned on the investment of the money in the fund shall be credited to the fund after compliance with the requirements of Article VII, Section 9(B) relative to the Bond Security and Redemption Fund. All unexpended and unencumbered money in the fund at the end of a fiscal year shall remain in the fund.

1 C. Notwithstanding any provisions of law to the contrary, and in
2 addition to the authority to borrow money or incur debt under any other
3 provisions of law, any political subdivision for which a fiscal administrator is
4 in the process of being appointed or which has been appointed as provided in
5 this Chapter, is hereby authorized to borrow money from and incur debt
6 payable to the fund in accordance with the provisions of this Section. Such
7 borrowing shall be subject to the approval of:

8 (1) The legislative auditor, the attorney general, and the state treasurer.

9 (2) The fiscal administrator, if one has been appointed by the court.

10 (3) The district court having jurisdiction over the fiscal administration.

11 (4) The State Bond Commission.

12 D. The monies in the fund shall be appropriated and used only for the
13 purpose of providing financial assistance to a political subdivision for which a
14 court has appointed a fiscal administrator as provided in this Chapter by
15 providing a source of funds from which the political subdivision may borrow in
16 order to pay the costs and expenses associated with the independent fiscal
17 administration of the political subdivision, including but not limited to all costs
18 and expenses incurred by the fiscal administrator, the legislative auditor, the
19 attorney general, the state treasurer, and any other persons engaged in
20 connection with the independent fiscal administration.

21 E. Each loan shall be evidenced by a bond, note, or other evidence of
22 indebtedness of the borrower issued to represent an obligation to repay a loan
23 from the fund and shall be authorized and issued pursuant to a resolution or
24 ordinance of the governing authority of such entity, which shall prescribe the
25 form and details thereof, including the terms, security for, manner of execution,
26 repayment schedule, and redemption features thereof. Any such resolution or
27 ordinance shall set forth the maximum principal amount, the maximum interest
28 rate, which shall be at an interest rate that is less than or equal to the market
29 interest rate, as determined by the Department of the Treasury, the maximum
30 redemption premium, if any, and the maximum term of such indebtedness.

1 F. All resolutions or ordinances authorizing the issuance of bonds, notes,
2 or other evidence of indebtedness of a political subdivision hereunder shall be
3 published once in the official journal of the borrower. It shall not be necessary
4 to publish exhibits to such resolution or ordinance, but such exhibits shall be
5 made available for public inspection at the offices of the governing authority of
6 the borrower at reasonable times and such fact shall be stated in the
7 publication. For a period of thirty days after the date of such publication, any
8 persons in interest may contest the legality of the resolution or ordinance
9 authorizing such evidence of indebtedness and any provisions thereof made for
10 the security and payment thereof. After such thirty-day period, no one shall
11 have any cause or right of action to contest the regularity, formality, legality, or
12 effectiveness of the resolution or ordinance and the provisions thereof or of the
13 bonds, notes, or other evidence of indebtedness authorized thereby for any
14 cause whatsoever. If no suit, action, or proceeding is begun contesting the
15 validity of the bonds, notes, or other evidence of indebtedness authorized
16 pursuant to the resolution or ordinance within the thirty days prescribed in this
17 Subsection, the authority to issue the bonds, notes, or other evidence of
18 indebtedness, or to provide for the payment thereof, and the legality thereof,
19 and all of the provisions of the resolution or ordinance and the evidence of
20 indebtedness shall be conclusively presumed, and no court shall have authority
21 or jurisdiction to inquire into any such matter.

22 G. The Department of the Treasury may by suit, action, mandamus, or
23 other proceedings, protect and enforce any covenant relating to and the security
24 provided in connection with any indebtedness issued pursuant to this Section,
25 and may by suit, action, mandamus, or other proceedings enforce and compel
26 performance of all of the duties required to be performed by the governing body
27 and officials of any borrower hereunder and in any proceedings authorizing the
28 issuance of such bonds or other evidences of indebtedness.

29 H. Monies in, credited to the account of, or to be received by the Fiscal
30 Administrator Revolving Loan Fund shall be expended in a manner consistent

1 with the terms and conditions of the loans made from the fund.

2 I. The repayment of principal of and interest on loans and other
3 obligations made to political subdivisions financed from the Fiscal
4 Administrator Revolving Loan Fund shall be deposited into the Fiscal
5 Administrator Revolving Loan Fund and may be used to finance loans and
6 obligations to other political subdivisions for which a fiscal administrator is
7 appointed pursuant to this Chapter, provided that reserves for expenditures for
8 the administration of the fund that the Department of the Treasury deems
9 necessary and prudent may be retained in the fund.

10 J. The Department of the Treasury shall be authorized to enter into
11 contracts and other agreements in connection with the operation of the fund
12 and the department is authorized to adopt rules and regulations in accordance
13 with the Administrative Procedure Act to implement the provisions of this
14 Section.

15 Section 2. This Act shall become effective upon signature by the governor or, if not
16 signed by the governor, upon expiration of the time for bills to become law without signature
17 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
18 vetoed by the governor and subsequently approved by the legislature, this Act shall become
19 effective on the day following such approval.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____