



## LOUISIANA SENATE

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### **RESTATEMENT OF LOUISIANA LOCAL GOVERNMENT PUBLIC FINANCE LAW TAKES EFFECT**

Local government entities - municipalities, parishes, school boards, special districts - routinely rely on the sale of bonds to finance much-needed infrastructure projects across the state. Over the years however, state laws governing such bond sales were changed, amended, added and placed into statute. At the end of the day, the already complex process to issue bonds became even more burdensome as revisions and additions to Louisiana law were scattered about and provided terms and conditions that were not always consistent across issuances.

For the past two years District 28 State Senator Eric LaFleur, Chairman of the Senate Finance Committee and a member of the Louisiana State Bond Commission, assembled a group of public finance professionals from across the state to help rewrite and restate local government finance laws in Louisiana. The focus of the group's efforts was to reorganize, streamline and consolidate the various state laws and regulations governing local government bond sales. The result of those efforts is the Consolidated Local Government Public Finance Act (CLGPFA) which was overwhelmingly approved by legislators at the recently completed 2018 regular legislative session.

"The reorganization and new laws put into place will provide additional confidence to investors. It may mean savings to issuers in the form of lower rates," said Senator LaFleur. "Just as important as lower rates, however, the restatement and changes in the law improves the order and organization of the public finance laws, removes steps in the process that served no public policy and decreases opportunities for error. We needed consistency in nomenclature and greater clarity in the terms and conditions provided for in statute."

The new Consolidated Local Government Public Finance Act is the first enactment in Louisiana's history of a modern, uniform and comprehensive set of laws and procedures covering all kinds of local government borrowings. The CLGPFA eliminates some of the needless procedural requirements that were still on the books, enacts uniform laws relative to state tax exemptions and procedures for issuing debt, and provides the highest possible degree of protection for bondholders in the event of local government bankruptcy or default.

The CLGPFA also preserves the unique role of Louisiana's State Bond Commission in the local government debt issuance process. All of these factors should serve to streamline the issuance process and reduce the cost and interest rates of local government borrowings.

The first bond issuance applications to the Louisiana State Bond Commission using the restated and reorganized laws are now making their way to the commission for consideration.