

State Bond Commission Guidelines For Application Review

The following guidelines will be utilized by debt analysts in reviewing applications submitted.

Resolution of the governing body must be certified by the appropriate official or officials as having been adopted, and must apply for authority to hold a special election. In the case of an application submitted by an entity created by action of the police jury or parish council, approval of the higher governing authority should be obtained. Either the resolution or ordinance should show or state that a quorum of the governing body was present.

The levy of a sales tax, when combined with the rate of all other sales and use taxes, exclusive of state sales and use taxes, levied and collected within any local governmental subdivision, shall not exceed 4%.

The computation for determining the assessed valuation for the purposes of issuing ad valorem bonds includes both homestead exempt property and non-exempt property.

Interest rates should be established and submitted with applications for budgetary or excess revenue loans secured by the pledge of the avails of a special tax. Where such interest rate is above six percent (6%), the applicant must apply for the loan at not less than two (2) lending institutions, and submit copies of two bank letters stating the interest rate at which such institutions will grant the loan with the application. If the lender is the fiscal agent bank of the borrower, a copy of the fiscal agent agreement can be submitted in lieu of the two bank letters.

In certain situations the maximum interest rate statutorily established for a given type of debt issuance may be superseded by provisions set forth in R.S. 39:1424(2), which states as follows:

For all other securities the maximum interest rate shall be the maximum rate set forth in the resolution of other instrument providing for their issuance adopted by the governing authority of the public entity and approved by the State Bond Commission.