

DECLARATION OF EMERGENCY

Department of Treasury
Bond Commission

Line of Credit

The State Bond Commission amended the commission's rule on July 18, 1996, as originally adopted on November 20, 1976.

The commission amended Rule Number 15 of the original commission rules and increased the maximum amount of authorized lines of credit as follows:

15. *Line of Credit*—an authorization to a state agency to proceed with a project and draw from the state treasury funds for the project prior to the sale of bonds for that project. The maximum amount of lines of credit which may be authorized by the commission shall be \$400,000,000. Bonds shall be issued to replenish lines of credit granted in the fiscal year in which the line of credit was granted. No lines of credit may be granted for a project unless and until either the bonds have been sold, lines of credit have been granted, or a certificate of impossibility and impracticality has been issued for all projects of higher priority as stated in the comprehensive capital budget adopted by the legislature. The maximum amount of lines of credit provided herein shall not apply in cases where the commission shall deem an item to be an emergency matter.

Monies advanced on a line of credit for any project shall be spent only in accordance with the description in the bond authorization act authorizing bonds to be issued for that project.

Prior to the execution of any contract or agreement obligating the expenditure of monies received by any state department or agency or any other entity from line of credit funds, the Attorney General's Office shall be requested to review such proposed contracts or agreements for the sole purpose of determining whether expenditure of funds thereunder is for the purpose of furthering the applicable project adopted by the legislature. If given, such prior approval by the Attorney General's Office shall be in writing to the appropriate state department, agency or other entity with a copy to be furnished to the State Bond Commission.

Should the Attorney General's Office determine that the proposed expenditure of line of credit funds not be in order, no funds may be used to pay obligations which may be incurred if such contracts are executed after an adverse conclusion by the Attorney General's Office.

All approvals of lines of credit shall be conditioned on compliance by the state department, agency or other entity with the aforementioned procedure, and it shall be their duty to request approval from the Attorney General's Office, stating to which bond act and to which project the contract or agreement in question pertains. Failure to comply with such procedure by any such department, agency or other entity shall result in the immediate revocation of the line of credit, and all information regarding the possible expenditure of line of credit funds for other than authorized purposes shall be forwarded immediately by the commission to the Attorney General's Office and the District Attorney's Office.

This emergency rule is necessary to ensure continued construction and funding of all projects heretofore begun and contained in the current Capital Outlay Act, Act Number 45 of the 1996 Regular Session of the Louisiana Legislature.

This rule is effective immediately and will remain in effect until the delivery of the next issue of general obligation bonds of the State of Louisiana or 120 days, whichever occurs earlier, at which time the maximum amount of lines of credit which may be authorized by the commission shall be \$100,000,000.

Sharon Perez
Director