

Louisiana Constitution Article VII, Section 14(A):

Article VII, Section 14(A) of the Louisiana Constitution, also known as the Anti-Donation Clause, prohibits the state or any political subdivision from donating, loaning, or pledging its funds, credit, property, or things of value to any person or corporation, public or private, unless specifically allowed by the constitution. This section prevents the gratuitous use of public resources for private benefit and ensures that any transfer of public funds or property is for a public purpose, often requiring the public entity to receive an equivalent or greater benefit in return, according to the "Cabela's Test" criteria.

Key Provisions of Article VII, Section 14(A)

- **Prohibition on Donations:**
The state and its political subdivisions are generally forbidden from giving away public funds, credit, or property.
- **Loan or Pledge Restrictions:**
Similarly, these entities cannot loan or pledge public resources for the benefit of private entities.
- **Applicability:**
This prohibition applies to all public funds, credit, and property, whether the recipient is a person, association, or corporation, and whether it is public or private.
- **Exceptions:**
The constitution allows for exceptions, which are outlined in other sections of the constitution.

The Cabela's Test

To determine if a particular expenditure or transfer of public funds or property complies with Article VII, Section 14, the "Cabela's Test" is applied:

1. **1. Public Purpose:**
The expenditure or transfer must serve a public purpose that aligns with the legal authority of the public entity.
2. **2. Not Gratuitous:**
The transfer of public funds or property must not appear to be a gratuitous act.
3. **3. Equivalent Benefit:**
The public entity must have a reasonable, objective, and demonstrable expectation of receiving a benefit or value at least equal to the amount of funds or property transferred.