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GOVERNMENT CODE - GOV

TITLE 2. GOVERNMENT OF THE STATE OF CALIFORNIA [8000 - 22980] (Title 2 enacted by Stats. 1943, Ch. 134.)

DIVISION 3. EXECUTIVE DEPARTMENT [11000 - 15990.3] (Division 3 added by Stats. 1945, Ch. 111.)

PART 5. DEPARTMENT OF TRANSPORTATION [14000 - 14463] (Heading of Part 5 amended by Stats. 1972, Ch. 1253.)

CHAPTER 1. General [14000 - 14089] (Chapter 1 repealed and added by Stats. 1972, Ch. 1253.)

ARTICLE 4. Purchase, Sale, and Leasing of Passenger Transportation Vehicles [14060 - 14066] (Article 4 added by Stats. 1984, Ch. 1510, Sec. 1.)

14060. The following definitions apply to this article:

- (a) "Equipment" means rail passenger cars, locomotives, other rail vehicles, bus and van fleets, and ferryboats.
- (b) "Equipment obligations" means notes, equipment trust certificates, or other obligations, including grant anticipation notes, issued by the department pursuant to this article to finance the acquisition of equipment.
- (c) "Grant anticipation notes" means notes issued by the department in anticipation of the receipt of funds from the federal or a local government as the proceeds of grants or participation funding for which funds have been appropriated and committed to the department for equipment acquisition.
- (d) "Passenger rail capital improvements" includes, but is not limited to, crossings, stations, parking facilities, trackwork, maintenance facilities, and other similar facilities.

(Amended by Stats. 1988, Ch. 914, Sec. 4.)

14061. The department may take all action necessary to purchase, sell, or lease equipment by negotiation without competitive bidding to take advantage of Section 168 of Title 26 of the United States Code in connection with the sale and leasing of equipment.

As required, the department may negotiate indemnification with the equipment depreciation purchasers as required by market conditions. Neither the sale nor the lease of equipment pursuant to this section constitutes a sale or purchase for the purposes of the Sales and Use Tax Law (Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code).

Contracts for the services of financial agents, negotiators, bond counsel, and for the sales or purchases of these obligations or benefits are not subject to Chapter 6 (commencing with Section 14780) of Part 5.5.

(Added by Stats. 1984, Ch. 1510, Sec. 1. Effective September 28, 1984.)

14062. (a) The department may issue equipment obligations to finance the acquisition of equipment pursuant to a resolution adopted by the commission, authorizing the issuance thereof from time to time as provided in the resolution.

(b) A resolution authorizing the issuance of equipment obligations shall specify any provisions or conditions as to the form, execution, and terms of the obligations that the commission may deem appropriate, subject to this article.

(c) Equipment obligations shall be payable at any time or times that the commission may determine, but not later than five years after the date of their issuance. Equipment obligations shall bear interest at any rate or rates that the commission may determine, but not exceeding 12 percent per annum, payable at any times that the commission may specify in the resolution authorizing their issuance.

(d) Equipment obligations may be made subject to redemption prior to their maturity, at the option of the commission, at any price or prices that may be fixed in the resolution, not exceeding a premium of 5 percent of the par value of any obligation subject to redemption.

(Added by Stats. 1984, Ch. 1510, Sec. 1. Effective September 28, 1984.)

14063. (a) Grant anticipation notes shall be issued only in anticipation of a grant or funding commitment to the department which has been stated by the granting authority or agency to be contracted, committed, or appropriated and payable on a specified date or dates or upon the happening of a specified event or events. The amount of grant anticipation notes outstanding at any time shall not exceed 75 percent of the grant or funding.

(b) The proceeds of the grant shall be pledged to the payment of the grant anticipation notes, and the interest thereon. The notes, and the interest thereon, shall be a first lien upon the proceeds.

(c) Grant anticipation notes and the interest thereon shall be payable from the proceeds of the grant or funding in anticipation of which the notes are issued, from the Passenger Equipment Acquisition Fund, or from any other funds lawfully available therefor.

(Added by Stats. 1984, Ch. 1510, Sec. 1. Effective September 28, 1984.)

14064. (a) Equipment obligations shall be sold by the Treasurer, after a resolution requesting the sale has been adopted by the commission. Equipment obligations may be sold by public bid or by a private negotiated sale. The Treasurer may sell equipment obligations at a discount not to exceed 5 percent of the par value thereof.

(b) Equipment obligations, and the interest thereon, are exempt from taxation in this state, except for gift taxes.

(Added by Stats. 1984, Ch. 1510, Sec. 1. Effective September 28, 1984.)

14066. (a) The Passenger Equipment Acquisition Fund is hereby created in the State Treasury. Notwithstanding Section 13340, all moneys in the fund are continuously appropriated to the department to pay the principal of, interest on, and redemption premium, if any, on equipment obligations, to pay all costs of issuance and sale of equipment obligations, to purchase new and rehabilitate existing equipment, and for passenger rail capital improvements.

(b) The net proceeds derived from the sale and leaseback of equipment made pursuant to this article shall be deposited in the fund.

(Amended by Stats. 1988, Ch. 914, Sec. 5.)