



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites
------	------------------	----------------	--------------	-----------------	------------------	--------------

Code: Section:

[Up^](#) [Add To My Favorites](#)

GOVERNMENT CODE - GOV

TITLE 4. GOVERNMENT OF CITIES [34000 - 45345] (Title 4 added by Stats. 1949, Ch. 79.)

DIVISION 4. FINANCIAL PROVISIONS [43000 - 43904] (Division 4 added by Stats. 1949, Ch. 79.)

CHAPTER 4. Bonds [43600 - 43904] (Chapter 4 added by Stats. 1949, Ch. 79.)

ARTICLE 3. Refunding Indebtedness [43720 - 43747] (Article 3 added by Stats. 1949, Ch. 79.)

43720. The legislative body of any city, except a city and county, may provide for the funding or refunding of outstanding indebtedness pursuant to this article, if either of the following conditions exist:

(a) The city has an outstanding indebtedness evidenced by bonds, warrants, notes or other evidences of indebtedness, or a judgment.

(b) Any department, board, or special fund of the city has an outstanding indebtedness evidenced by bonds, warrants, or notes or other evidences of indebtedness, and such indebtedness has been created for a purpose for which bonds of the city could have been lawfully authorized and issued.

(Added by Stats. 1949, Ch. 79.)

43721. By a two-thirds vote of its number, the legislative body may fund or refund the indebtedness at, after, or before maturity and issue bonds of the city for the indebtedness.

(Added by Stats. 1949, Ch. 79.)

43722. The bonds shall be issued in denominations of not less than one hundred dollars (\$100) nor more than one thousand dollars (\$1,000) each, have not more than 40 years to run, and bear a rate of interest not to exceed 8 percent a year, payable semiannually.

(Amended by Stats. 1975, Ch. 130.)

43723. The rate of interest during the entire term of the bonds need not be the same but different rates may be fixed for one or more interest payments.

(Added by Stats. 1949, Ch. 79.)

43724. The bonds shall be serial bonds, and not less than one-fortieth of the principal and interest on all sums unpaid shall be paid each year.

(Added by Stats. 1949, Ch. 79.)

43725. The legislative body may fix a date for the earliest maturity of the principal of the bonds, not more than three years from the date of the issue.

(Added by Stats. 1949, Ch. 79.)

43726. The bonds shall be payable in such money and at such places as the legislative body designates in the bonds.

(Added by Stats. 1949, Ch. 79.)

43727. The bonds may be sold in the manner provided by the legislative body, to the highest bidder, at such price that the interest rate paid by the city, computed on the sale price, will not exceed 8 percent a year, or may be exchanged for the outstanding evidences of indebtedness pursuant to this article.

(Amended by Stats. 1975, Ch. 130.)

43728. The proceeds of any sale for cash shall be placed in the city treasury to the credit of the funding fund, and applied only to refunding the indebtedness for which the bonds are issued.

(Added by Stats. 1949, Ch. 79.)

43729. Any proceeds of the refunding bonds remaining after the indebtedness has been paid shall be deposited in the fund established for the payment of principal and interest on the refunding bonds and used only for the purpose of paying such principal or interest as it matures.

(Added by Stats. 1949, Ch. 79.)

43730. At the time of making the general tax levy after incurring the bonded indebtedness and annually thereafter until the bonds are paid or until there is a sum in the treasury set apart for that purpose sufficient to meet all payments of principal and interest on the bonds as they become due, the legislative body shall levy and collect a tax sufficient to pay the interest on the bonds and such part of the principal as will become due before the proceeds of the next general tax levy will be available.

(Added by Stats. 1949, Ch. 79.)

43731. If the earliest maturity of the refunding bonds is more than one year after the date of issuance, the legislative body shall levy and collect annually a tax sufficient to pay the interest as it falls due and to constitute a sinking fund for payment of the principal on or before maturity.

(Added by Stats. 1949, Ch. 79.)

43732. The taxes shall be levied and collected as other city taxes, and are in addition to all other taxes. They shall be used only for the payment of the bonds and interest.

(Added by Stats. 1949, Ch. 79.)

43732.5. (a) Prior to the issuance by a city of bonds pursuant to this chapter, the legislative body may elect, by resolution, to guarantee payment on outstanding bonds of the city issued pursuant to this chapter in accordance with the following:

(1) A city that elects to participate under this section shall provide notice to the Controller of that election, which notice shall include a schedule for the repayment of principal and interest on the bonds, and identify a bond trustee appointed by the city for the purposes of this section.

(2) In the event that, for any reason, the amount of tax revenues made available pursuant to this article for the payment of principal and interest of the bonds will not be sufficient for that purpose at the time payment on principal, interest, or both, is required as to any one or more of those bonds, the city shall so notify the bond trustee. The bond trustee shall immediately communicate that information to the affected bondholder or bondholders and to the Controller.

(3) When the Controller receives notice from the trustee as described in paragraph (2), or the amount of tax revenues made available pursuant to this article for the payment of principal and interest of the bonds is not sufficient for that purpose at the time payment on principal, interest, or both, is required as to any one or more of those bonds, the Controller shall make an apportionment to the bond trustee in the amount of that required payment for the purpose of making that payment. The Controller shall make that payment only from moneys credited to the Motor Vehicle License Fee Account in the Transportation Tax Fund to which that city is entitled at that time under Chapter 5 (commencing with Section 11001) of Part 5 of Division 2 of the Revenue and Taxation Code, and shall thereupon reduce, by the amount of the payment, the subsequent allocation or allocations to which the county would otherwise be entitled under that chapter.

(4) A city shall be entitled to reimbursement, from tax revenues collected pursuant to this article, in an amount equal to the amount by which its allocation or allocations under Chapter 5 (commencing with Section 11001) of Part 5 of Division 2 of the Revenue and Taxation Code are reduced pursuant to subdivision (c).

(b) This section shall not be construed to obligate the State of California to make any payment to a city from the Motor Vehicle License Fee Account in the Transportation Tax Fund in any amount or pursuant to any particular allocation formula, or to make any other payment to a city, including, but not limited to, any payment in satisfaction of any debt or liability incurred or guaranteed by a city in accordance with this section.

(Added by Stats. 1990, Ch. 1177, Sec. 4. Effective September 24, 1990.)

43733. Bonds to fund or refund the indebtedness shall not be issued unless authorized by the electors of the city voting at an election to be called and held for that purpose, in either of the following cases:

(a) When the indebtedness is evidenced by warrants or by judgment obtained for indebtedness or liability incurred by the city exceeding the income and revenue provided for the year in which the indebtedness or liability was incurred.

(b) When the indebtedness is that of any department, board, or special fund of the city, and has been incurred without submission of the proposition of incurring the indebtedness to the city electors, and without the assent of two-thirds of the electors voting at an election held for that purpose.

(Added by Stats. 1949, Ch. 79.)

43734. The election shall be called and held pursuant to Article 1 of this chapter.

(Added by Stats. 1949, Ch. 79.)

43735. The ordinance calling the election shall recite the object and purposes for which the bonded indebtedness is to be incurred.

(Added by Stats. 1949, Ch. 79.)

43736. When it is proposed to refund any outstanding bonded indebtedness of a city upon terms which permit any number of the refunding bonds to mature more than forty years from the time the original indebtedness was incurred, the proposition of refunding the indebtedness shall be submitted to the electors of the city at an election held for that purpose, and the assent of two-thirds of the electors voting at such election is necessary to authorize the issuance of the refunding bonds. The election shall be called and held in the manner of other elections under this article.

(Added by Stats. 1949, Ch. 79.)

43737. The proceeds from the sale of the bonds shall be applied by the treasurer to the satisfaction of the judgment or the refunding of the indebtedness for which the bonds were issued, or the bonds may be exchanged at their par value for the evidences of indebtedness to be refunded, at their par value.

(Added by Stats. 1949, Ch. 79.)

43738. If the refunding bonds are issued in whole or in part to refund before maturity an indebtedness evidenced by bonds, notes, or other evidences of indebtedness, which according to their terms are subject to call or payment before maturity at a price in excess of par, the refunding bonds may be exchanged at not less than their par value for such other bonds, notes, or evidences at the price specified therein for payment before maturity, subject to adjustment of accrued interest to the date of exchange.

(Added by Stats. 1949, Ch. 79.)

43740. When sufficient money is in the funding fund to redeem one or more outstanding past due bonds, warrants, judgments, notes, or other evidences of indebtedness or to redeem one or more of the outstanding bonds, warrants, notes, or other evidences of indebtedness which are subject to call or payment before maturity, and which are proposed to be funded or refunded, the treasurer shall publish a notice that he is prepared to pay the bond, warrant, judgment, note, or other evidence of indebtedness (giving its number, if any). The notice shall be published once a week for two weeks in a newspaper of general circulation published in the city, if there is one. If the bond, warrant, judgment, note, or other evidence of indebtedness is not presented for redemption within thirty days after the first publication of the notice, the interest upon it ceases.

(Added by Stats. 1949, Ch. 79.)

43741. At the same time the treasurer shall deposit in the post office a copy of the notice, enclosed in a sealed envelope, postage prepaid, addressed to the registered owner of any such bond, warrant, judgment, note or other evidence of indebtedness, registered pursuant to law, whose address appears upon the record in the treasurer's office. If the bond, warrant, judgment, note, or other evidence of indebtedness is not presented within the time specified in the notice, the interest upon it ceases, and the amount due shall be set aside for the payment when it is presented.

(Added by Stats. 1949, Ch. 79.)

43742. If any bonds are authorized for funding or refunding before maturity any obligations which by their terms are subject to call and payment before maturity, and which specify the manner in which they shall be called and paid, the call and payment of such obligations shall be in the specified manner.

(Added by Stats. 1949, Ch. 79.)

43743. When any outstanding bonds, warrants, judgments, notes, or other evidences of indebtedness are surrendered and paid, the treasurer shall cancel them by endorsing on their faces the amount for which they are received, "canceled," and the date of cancellation.

(Added by Stats. 1949, Ch. 79.)

43744. The treasurer shall keep a record of bonds, warrants, judgments, notes, or other evidences of indebtedness redeemed, and report the redemptions to the city legislative body.

(Added by Stats. 1949, Ch. 79.)

43745. If the obligations were issued by, on account of, or against, any department, board, or special fund of the city, he shall make the report to such department, board, or officer having custody of the special fund.

(Added by Stats. 1949, Ch. 79.)

43746. The report shall be made at least once a month, and shall be accompanied by the bonds, warrants, judgments, or other evidences of indebtedness which have been taken up and canceled.

(Added by Stats. 1949, Ch. 79.)

43747. Any money remaining in the funding fund, after all outstanding bonds, warrants, judgments, notes, or other evidences of indebtedness proposed to be refunded have been taken up and canceled, shall be deposited in the fund established for the payment of principal and interest on the refunding bonds and used only for paying such principal or interest as they mature.

(Added by Stats. 1949, Ch. 79.)