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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 4. FISCAL AFFAIRS [16100 - 17700] (Division 4 added by Stats. 1945, Ch. 119.)

PART 2. STATE FUNDS [16300 - 16649.95] (Part 2 added by Stats. 1945, Ch. 120.)

CHAPTER 3. Investments [16430 - 16495.5] (Chapter 3 added by Stats. 1945, Ch. 120.)

ARTICLE 6. Local Agency Emergency Loan Fund [16492 - 16495.5] (Article 6 added by Stats. 1978, Ch. 292.)

16492. The Legislature finds and declares that local agencies may be unable to sell short-term notes to financial institutions at the end of the 1977–78 fiscal year and the beginning of the 1978–79 fiscal year due to the lack of certainty in their ability to raise revenue to repay such short-term notes. Therefore, another source of short-term financing is necessary to ensure the orderly delivery of basic programs and services during the beginning of the fiscal year. In order to meet this need, the state, in this article, hereby establishes a Local Agency Emergency Loan Fund to serve as the lender of last resort.

(Added by Stats. 1978, Ch. 292.)

16492.5. It is the purpose of the Local Agency Emergency Loan Fund to provide short-term loans to local agencies for operational purposes so that vital services are not interrupted.

(Added by Stats. 1978, Ch. 292.)

16493. As used in this article:

(a) "Board" means the Pooled Money Investment Board.

(b) "Local agency" means a city, county, city and county, special district, school district, county board of education, or community college district which levied a property tax during the 1977–78 fiscal year or for which a property tax was levied. "Local agency" also means any city, special district, or school district formed during the 1977–78 fiscal year which was authorized to levy a property tax but did not actually levy such a tax for that year.

(Added by Stats. 1978, Ch. 292.)

16493.5. There is hereby created in the State Treasury a Local Agency Emergency Loan Fund. Short-term loans shall be available to local agencies for the purpose of meeting operating costs at the end of the 1977–78 fiscal year and during the 1978–79 fiscal year. Such funds shall not be used for capital outlay projects.

(Added by Stats. 1978, Ch. 292.)

16494. The amount of any loan shall not exceed 50 percent of the local agency's property tax revenues for the 1977–78 fiscal year, including state property tax relief subventions. The maximum amount of a loan to a local agency which was formed during the 1977–78 fiscal year and authorized to levy a property tax, but did not do so, shall be no more than 50 percent of the amount such agency could have levied if it had levied such a tax.

(Added by Stats. 1978, Ch. 292.)

16494.7. Notwithstanding any other provision of law, any local agency may apply to the board, by no later than August 21, 1978, for a loan pursuant to this article after the adoption by the local agency's governing body of a resolution containing all of the following:

(a) A statement that the local agency is authorized to issue revenue or tax anticipation notes;

(b) A statement indicating the local agency's property tax revenues for the 1977–78 fiscal year, including state property tax subvention. With respect to a local agency formed during the 1977–78 fiscal year and authorized to levy a property tax, but did not do so, a statement estimating the amount such agency could have levied if it had levied such a tax;

(c) A finding based on substantial evidence that the agency's cash flow is not sufficient to meet current obligations for the operation of vital services and that all unrestricted reserves except for a prudent surplus have been exhausted or will be exhausted at the time the loan is made;

(d) A statement that taxes, revenues, and other income not obligated by law for a specific purpose and anticipated to be received during the 1978–79 fiscal year, will be available to repay the principal and interest on such loan before May 31, 1979;

(e) A statement that revenue and tax anticipation notes are not currently being purchased from the local agency by private lenders; and

(f) Evidence that the local agency is unable to use interfund transfers to meet its short-term cash obligations.

(Amended by Stats. 1978, Ch. 332.)

16495. (a) The board may approve, reduce, or deny any loan application. Such action shall be taken within 10 days of the receipt of an application. No loan shall be made by the board after August 31, 1978. The board shall establish the form and content of loan applications, and procedures for periodic disbursements of approved loans to local agencies.

(b) For the purposes of this article, each member of the board may appoint a representative to act on his behalf. The board shall have the authority to appoint sufficient staff to process loan applications received by the board.

(Added by Stats. 1978, Ch. 292.)

16495.5. (a) All loans shall bear an interest rate comparable to the prevailing market interest rate statewide for tax anticipation notes purchased by major California banks, as determined by the board. The interest on such loans shall accrue until final payment.

(b) Any such loan constitutes a lien and charge against the taxes, revenues, and other income not obligated by law collected during the fiscal year in which it was borrowed. The loan shall be repaid into the General Fund from the money received by the local agency from the taxes, revenues, and income as it becomes available. At a minimum, 50 percent of the principal and interest shall be repaid by December 31, 1978, and the remaining principal and interest shall be repaid by May 31, 1979. If such loan is not repaid, the board shall request the State Controller to offset the amount not repaid against any payments required by law to be made by the state to the defaulting local agency. If the total of such payments is less than the amount owed to the state, the state may exercise its lien rights pursuant to this section.

(c) The State Controller may audit all loan recipients.

(Added by Stats. 1978, Ch. 292.)