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**TITLE 5. LOCAL AGENCIES [50001 - 57607]** ( Title 5 added by Stats. 1949, Ch. 81. )

**DIVISION 2. CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 55821]** ( Division 2 added by Stats. 1949, Ch. 81. )

**PART 1. POWERS AND DUTIES COMMON TO CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 54999.7]** ( Part 1 added by Stats. 1949, Ch. 81. )

**CHAPTER 3. Bonds [53400 - 53595.55]** ( Chapter 3 added by Stats. 1949, Ch. 81. )

**ARTICLE 7. Interest Rates on Bonds [53530 - 53534]** ( Article 7 added by Stats. 1969, Ch. 600. )

**53530.** As used in this article:

(a) "Local agency" means county, city, city and county, public district, public entity or authority, or other public or municipal corporation, including redevelopment agencies, housing authorities, and industrial development authorities.

(b) "Bonds" means bonds, warrants, notes or other evidences of indebtedness of a local agency or zone or improvement district thereof.

(Amended by Stats. 1981, Ch. 1098, Sec. 2.)

**53531.** Any provision of law specifying the maximum interest rate on bonds to the contrary notwithstanding, bonds may bear interest at a coupon rate or rates as determined by the legislative body in its discretion but not to exceed 12 percent per year payable as permitted by law, unless some higher rate is permitted by law.

(Amended (as amended by Stats. 1985, Ch. 579, Sec. 2) by Stats. 1987, Ch. 943, Sec. 4.)

**53531.1.** (a) The Legislature hereby finds and declares that, in enacting and amending Sections 53530 and 53531, the intent has been, and continues to be, to provide general authority to local agencies to issue bonds bearing interest at the coupon rate specified in Section 53531, as amended from time to time. This general authority is intended to be in addition to, and not limited by, specific provisions authorizing bonds of particular local agencies. Due to the general application of Section 53531, it has been unnecessary to amend the numerous statutes which contain their own specific maximum interest rates. This section contains the intent of the Legislature in previously enacting and amending Sections 53530 and 53531 and does not affect Section 53532 or 53533. This section does not constitute a change in, but is declaratory of, the existing law in effect since 1969.

(b) All bonds of any local agency issued prior to the effective date of this section, and bearing interest at coupon rates within the maximum rate specified in Section 53531, as in effect at the time of issuance, are legal, valid, and binding obligations of the local agency.

(c) The authority provided to all local agencies in Section 53531 to issue bonds bearing interest at a coupon rate in accordance with that section is in addition to, and not limited by, any power or limitation made applicable to local agencies by any other law enacted before or on or after the effective date of this section, unless the other law specifically provides otherwise.

(Added by Stats. 1984, Ch. 310, Sec. 1. Effective July 6, 1984.)

**53532.** The provisions of Section 53531 shall apply only to coupon rates and shall not affect the power of a local agency to sell bonds at a discount below par if permitted by law. Any provision of law permitting bonds to be sold at a discount but specifying a maximum interest yield on bonds sold at a discount to the contrary notwithstanding, the bonds may be sold at a price yielding to the purchaser an effective interest rate of not to exceed 12 percent per year, payable as permitted by law, according to standard tables of bond values.

(Amended (as amended by Stats. 1985, Ch. 579, Sec. 4) by Stats. 1987, Ch. 943, Sec. 6.)

**53533.** Notwithstanding Section 53531 or any other provision of law establishing limitations on the rate of interest of any indebtedness or obligation of a city, county, or city and county the rate of interest on any indebtedness or obligation thereof which is

payable to the federal government or any agency or instrumentality thereof or any indebtedness or obligation guaranteed by the federal government or any instrumentality thereof may be at a rate higher than the limitations established in any other law if such rate is the rate established by the federal government or any instrumentality thereof. Any such indebtedness or obligation shall be in such form and denomination, have such maturity, and be subject to such conditions as may be prescribed by the federal government or agency or instrumentality thereof.

*(Added by Stats. 1979, Ch. 29.)*

**53534.** Any provision of law to the contrary notwithstanding, a city, county, or city and county may enter into contracts commonly known as "interest rate swap agreements" or "forward payment conversion agreements" with any person providing for the exchange of payments between the person and the city, county, or city and county, including, without limitation, contracts providing for the exchange of fixed interest payments for floating payments or floating interest payments for fixed payments, or a combination thereof. The contracts may be made upon the terms and conditions established by the legislative body of the city, county, or city and county. The authority conferred by this section includes the authority to enter into any and all contracts incident to the exercise of the authority conferred by this section including, without limitation, contracts to obtain credit enhancement devices and contracts for the performance of professional services. However, these contracts may be made only if all securities or bonds included in the contracts are rated in one of the three highest rating categories by two nationally recognized rating agencies selected by the legislative body of the city, county, or city and county, and if there has been receipt, from any rating agency rating the bonds, of written evidence that the contract will not adversely affect the rating.

*(Amended by Stats. 1993, Ch. 1195, Sec. 13. Effective January 1, 1994.)*