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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 4.5. Sale of Proposition 1A Receivables [53998 - 53999] (Chapter 4.5 added by Stats. 2009, Ch. 634, Sec. 6.)

53998. For purposes of this chapter, "Proposition 1A receivable" means the right to payment of moneys due or to become due to a local agency pursuant to clause (iii) of subparagraph (B) of paragraph (1) of subdivision (a) of Section 25.5 of Article XIII of the California Constitution and Section 100.06 of the Revenue and Taxation Code.

(Added by Stats. 2009, Ch. 634, Sec. 6. (SB 67) Effective October 19, 2009.)

53999. (a) (1) Notwithstanding any other law, a local agency may sell Proposition 1A receivables that have not been sold pursuant to subdivision (b) of Section 6588.6 to a special fund of the local agency or another local agency, and enter into one or more sales agreements with the purchaser of the Proposition 1A receivable on the terms the local agency deems appropriate.

(2) Except for Proposition 1A receivables created as a result of reallocations pursuant to paragraph (2) of subdivision (b) of Section 100.06 of the Revenue and Taxation Code, a local agency shall complete a sale made pursuant to this section on or before November 2, 2009.

(b) (1) A local agency may make no more than five sales of its Proposition 1A receivables pursuant to this section.

(2) A transfer of some or all of a Proposition 1A receivable by a local agency to a purchaser of the receivable under this section is a sale and shall be treated as an absolute sale and transfer of the property so transferred and not as a pledge or grant of a security interest by the local agency to secure a borrowing.

(3) The characterization of the transfer of a Proposition 1A receivable as an absolute sale by a local agency shall not be negated or adversely affected by any of the following:

(A) The fact that only a portion of the Proposition 1A receivable is transferred.

(B) By the local agency's acquisition of an ownership interest in any residual interest or a subordinate interest in the Proposition 1A receivable.

(C) By any characterization of the purchaser for purposes of accounting, taxation, or securities regulation.

(D) By any other factor.

(c) (1) On and after the effective date of each transfer of a Proposition 1A receivable pursuant to this section that the governing documents state is a sale, the local agency shall have no right, title, or interest in or to the Proposition 1A receivable so transferred.

(2) A Proposition 1A receivable transferred pursuant to this subdivision shall be the property of the purchaser and not of the local agency, and shall be owned, received, held, and disbursed only by the purchaser or any trustee or agent of the purchaser.

(3) A sale of some or all of any Proposition 1A receivable shall automatically be perfected without the need for physical delivery, recordation, filing, or further act, and the provisions of Division 9 (commencing with Section 9101) of the Commercial Code and Sections 954.5 to 955.1, inclusive, of the Civil Code shall not apply to the sale.

(4) A Proposition 1A receivable sold by the local agency pursuant to this chapter shall not be subject to garnishment, levy, execution, attachment, or other process, writ, including, but not limited to, a writ of mandate, or remedy in connection with the assertion or enforcement of any debt, claim, settlement, or judgment against the local agency.

(d) On or before the effective date of any sale of a Proposition 1A receivable, the local agency shall notify the Controller that the Proposition 1A receivable has been sold to the purchaser and irrevocably instruct the Controller that, as of the effective date, payments on the Proposition 1A receivable so sold are to be made directly to the purchaser or any trustee or agent appointed by the purchaser.

(Added by Stats. 2009, Ch. 634, Sec. 6. (SB 67) Effective October 19, 2009.)