

AMENDED IN SENATE JULY 12, 2011

AMENDED IN SENATE JUNE 29, 2011

AMENDED IN ASSEMBLY MAY 31, 2011

AMENDED IN ASSEMBLY MARCH 31, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 506

Introduced by Assembly Member Wieckowski

February 15, 2011

~~An act to amend Section 53760 of, and to add Sections 8860, 53760.3, 53760.5, 53761, 53761.3, 53761.5, 53762, 53762.5, 53762.6, 53762.7, 53762.8, and 53763 to, the Government Code, relating to local~~ *An act relating to local government.*

LEGISLATIVE COUNSEL'S DIGEST

AB 506, as amended, Wieckowski. Local government: bankruptcy: neutral evaluation.

Under existing law, any taxing agency or instrumentality of the state may file a petition and prosecute to completion bankruptcy proceedings permitted under the laws of the United States.

This bill would express the intent of the Legislature to enact legislation that would provide an alternative dispute resolution procedures that cities, counties, and special districts may use before they seek financial relief through the provisions of Chapter 9 of the federal Bankruptcy Code.

~~This bill would provide that a local public entity shall not file under federal bankruptcy law unless the local public entity has participated in a neutral evaluation process with interested parties, as defined, has~~

~~received a certificate of good faith participation, and if the neutral evaluation results in either an agreement for debt readjustment, or if the neutral evaluator certifies in writing that continued neutral evaluation will not contribute to a resolution of the parties' dispute, under certain circumstances. The bill would also require the California Debt and Investment Advisory Commission to provide technical assistance as a neutral third party as necessary in any neutral evaluation process, as specified.~~

~~The bill would require the State Auditor to review specified information submitted by the local public entity. The bill would additionally provide an alternative process that a local public entity may use to file under federal bankruptcy law if the local public entity has been participating in the neutral evaluation process and the local public entity has submitted certain information to the State Auditor and the State Auditor has determined that the local public entity is insolvent.~~

~~Vote: majority. Appropriation: no. Fiscal committee: yes-no. State-mandated local program: no.~~

The people of the State of California do enact as follows:

1 *SECTION 1. The Legislature hereby finds and declares that it*
2 *is the intent of the Legislature to enact an alternative dispute*
3 *resolution procedures that cities, counties, and special districts*
4 *may use before they seek financial relief through the provisions*
5 *of Chapter 9 of the federal Bankruptcy Code.*

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All matter omitted in this version of the bill appears in the bill as amended in the Senate, June 29, 2011. (JR11)