

**Senate Bill No. 349**

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Passed the Senate August 31, 1996

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*Secretary of the Senate*

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Passed the Assembly August 28, 1996

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*Chief Clerk of the Assembly*

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This bill was received by the Governor this \_\_\_\_ day  
of \_\_\_\_\_, 1996, at \_\_\_\_ o'clock \_\_M.

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*Private Secretary of the Governor*

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## CHAPTER \_\_\_\_

An act to repeal Sections 43739 and 53761 of, and to repeal and add Section 53760 of, the Government Code, relating to local agencies.

## LEGISLATIVE COUNSEL'S DIGEST

SB 349, Kopp. Local agencies: bankruptcy.

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 provide that a municipality may only file under federal bankruptcy law with the approval of the Local Agency Bankruptcy Committee that would consist of the Controller, the Treasurer, and the Director of Finance. The committee would be required to respond to a request for approval within 5 days or the request would be considered as approved.

The bill would authorize a county that has requested approval to file under federal bankruptcy law to require local agencies with funds invested in the county treasury to provide a 5-day notice of withdrawal before the county is required to comply with a request for withdrawal of funds by a local agency.

The bill would specify that it only applies to a municipality that files under federal bankruptcy law on or after the date that the bill becomes effective.

Existing law requires state agencies to provide notice of a meeting at least 10 days in advance of the meeting.

This bill would authorize the committee to provide notice of its meetings at least 24 hours in advance and would specify the manner in which notice shall be provided.

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

SECTION 1. Section 43739 of the Government Code is repealed.



SEC. 2. Section 53760 of the Government Code is repealed.

SEC. 3. Section 53760 is added to the Government Code, to read:

53760. (a) Any municipality in this state, as that term is defined in paragraph (40) of Section 101 of Title 11 of the United States Code, may, with the written approval of the Local Agency Bankruptcy Committee, under the terms and conditions that the committee may impose, file for adjustment of debts pursuant to Chapter 9 (commencing with Section 901) of Title 11 of the United States Code.

(b) As used in this section, “committee” means the Local Agency Bankruptcy Committee consisting of the Treasurer, the Controller, and the Director of Finance.

(c) The committee shall provide its written response of consent or denial of consent to file for adjustment of debts under federal bankruptcy law not later than five calendar days from receipt of the request of a municipality.

(d) If the committee does not respond to the request within five days after receipt of the request, the request shall be considered approved.

(e) A county that has requested approval to file under subdivision (a) may require local agencies with funds invested in the county treasury to provide a five-day notice of withdrawal before the county is required to comply with a request for withdrawal of funds by a local agency.

(f) Notwithstanding subdivision (a) of Section 11125, the committee may provide notice of its meeting at least 24 hours in advance of the meeting. The notice shall be posted in a location in the municipality that is freely accessible to members of the public. The notice shall be delivered personally, by the United States mail, or by facsimile transmission to each local newspaper of general circulation whose circulation area reasonably includes the municipality and shall similarly be delivered to each radio or television station that has requested notice in writing. The notice shall be received by the newspaper,



radio, or television station at least 24 hours prior to the date of the meeting specified in the notice. In addition, if the Legislature is in session, the committee shall request that the meeting notice be published in the daily file of each house at least 24 hours prior to the date of the meeting.

(g) If the committee approves a filing under this section, that approval does not obligate the state, in any manner, regarding financing a plan for adjustment of the municipality's debts or any act relating to that financing.

(h) This section shall only apply to a municipality that files as a debtor, as specified in subdivision (a), on or after the effective date of this section.

SEC. 4. Section 53761 of the Government Code is repealed.



Approved \_\_\_\_\_, 1996

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*Governor*

