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RN 13 05301 PAGE 1

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An act to repeal Section 107 of the Corporations Code, relating to corporations.



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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares all of the following:

(a) California is one of only three states in the United States with a law that could be interpreted to prohibit individuals and groups from circulating money other than United States dollars. This law was created with the original California Constitution in 1849 and was codified into the California Corporations Code in 1972 during a revision of the Constitution. This law is both vague and of limited relevance in the 21st Century. This law has not, to anyone's knowledge, been enforced since its codification into the Corporations Code, even though innumerable organizations and businesses in California are potentially breaking this law.

(b) There is a growing movement around the state, country, and world to enable citizens to exchange through means other than national currencies. Innumerable Internet Web sites now enable people to provide and receive things of value using "points," "credits," and other recordkeeping systems. In addition, many community organizations and local governments in and beyond California are now creating or contemplating the creation of community-based currencies, which could contribute substantially to the growth and stability of local economies.

(c) Removing this legal barrier to the creation of local and alternative currencies in California does not, in any way, create an exemption for those currencies from the rules and regulations that govern the United States dollar, nor from any local or federal laws that govern the issuance and circulation of currencies. For example, all income received in the form of a currency other than the United States dollars is subject to the same taxation as income received in United States dollars. In addition, all regulations



on banks, credit unions, and money services businesses apply to all currencies and money, and not just to United States dollars.

SEC. 2. Section 107 of the Corporations Code is repealed.

~~107. No corporation, flexible purpose corporation, association or individual shall issue or put in circulation, as money, anything but the lawful money of the United States.~~



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LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, Jackson.

General Subject: Corporations: currency circulation.

Existing law prohibits a corporation, flexible purpose corporation, association or individual from issuing or putting in circulation, as money, anything but the lawful money of the United States.

This bill would repeal this prohibition and would declare the Legislature's intent in this regard.

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



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