



Chairman

Sam Abed
Mayor
City of Escondido

March 6, 2017

Vice Chairwoman

Jo MacKenzie
Vista Irrigation District

TO: San Diego Local Agency Formation Commission

Members

Bill Horn
County Board of
Supervisors

FROM: Executive Officer
Director, Legislative Research

Dianne Jacob
County Board of
Supervisors

SUBJECT: Legislative Update Report

Andrew Vanderlaan
Public Member

This is the first monthly status report on LAFCO related legislation for 2017. Legislative activity began in January as the Legislature convened for the first year of the 2017-18 Legislative Session. The process for submitting language and having a proposed bill introduced began in early February and the deadline is February 20th for introduction of new bills. Attachment A is a legislative summary of selected bills that staff has identified for tracking. This summary is current through February 20th.

Lorie Zapf
Councilmember
City of San Diego

Vacant
City Member

Staff coordinates with CALAFCO to monitor and track legislation impacting LAFCO or related governance processes. The bills are organized in an order of priority to CALAFCO from 1 (High priority) to 3 (Low priority). The following are the bills that staff has identified for tracking as Priority 1 and a brief description on the four primary bills of interest to date.

Ed Sprague
Olivenhain Municipal
Water District

Alternate Members

Greg Cox
County Board of
Supervisors

AB 464 (Gallagher) – Local government reorganization.

Chris Cate
Councilmember
City of San Diego

AB 464 is sponsored by CALAFCO to address a situation in current law wherein Government Code Section 56653 does not address certain conditions of services currently provided when a plan for services is submitted for an annexation. This bill would specify that the plan being submitted would also include information regarding services currently provided to the affected territory even if by contract. This situation arose from a court decision on a lawsuit (City of Patterson v. Turlock Irrigation District) in Stanislaus County. Further information from the Turlock Irrigation District is being reviewed for possible amendments and are to be reviewed by the CALAFCO Legislative Committee later this month. Therefore a position on the bill may be included in the next update report.

Racquel Vasquez
Mayor
City of Lemon Grove

Harry Mathis
Public Member

Judy Hanson
Leucadia Wastewater
District

Executive Officer

Michael D. Ott

Legal Counsel

Michael G. Colantuono

AB 645 (Quirk) – Local government: dissolution.

This bill is reported to be a “spot bill” pending the outcome of a special study by Alameda LAFCO of the Eden Healthcare District in Alameda County. The study is the result of a Grand Jury report in 2016 that recommended dissolution of the District and financial issues resulting from litigation. The District had sold its hospital to Sutter Health but still owns some properties and medical offices. The results of this legislation could impact future decisions on dissolution and protest provisions so staff will continue to track it closely.

AB 979 (Lackey) Cortese-Knox-Hertzberg Act: Special District representation on LAFCO

This bill is a spot bill sponsored by CSDA and to be co-sponsored by CALAFCO addressing the procedure for special districts to propose to hold an election on having representation on a commission. Additionally, beginning in 2018, LAFCO is to administer an election process for selecting a representative to the county-wide Redevelopment Oversight Board (RDA) in counties that have them. The proposed method will be to have the Special Districts Selection Committee (officers of each independent special district) vote on the proposal in person or if needed, by mail as San Diego LAFCO currently does. Staff will be monitoring the discussion of final language of the bill and expects to present it for a position at a future meeting.

SB 37 (Roth) Local government finance: property tax revenue allocations

This bill is identical to SB 817 (Roth in 2016) that calls for reinstatement of the Vehicle License Fee through a change in ERAF funds for cities that incorporated between January 1, 2004 and 2012. Four cities lost several million in funding due to a change in law and the Governor has vetoed prior bills addressing this issue. Staff will continue to track this bill and may propose a position in the next update report.

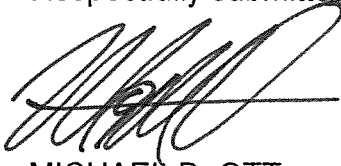
There are a number of other bills of lower priority that staff will continue to monitor as the legislative session continues. Some additional bills are expected to be introduced including an Assembly Omnibus Bill and a CSDA sponsored bill regarding seating of special districts on LAFCO in counties not currently represented. The summary as provided in Attachment A which is the CALAFCO Tracking Report is current as of February 20, 2017.

San Diego LAFCO staff will provide the Commission with a verbal update at the meeting on any actions on these bills. Therefore, it is:

RECOMMENDED: That your Commission,

Receive this Legislative Update Report and provide direction to staff on the identified legislative bills as appropriate.

Respectfully submitted,



MICHAEL D. OTT
Executive Officer



HARRY EHRLICH
Director, Legislative Research

MDO:HE:ra

Attachments

- Attachment (A) CALAFCO Tracking Report
(B) AB 464 (Gallager)
(C) AB 645 (Quirk)
(D) AB 979 (Lackey)
(E) SB 37 (Roth)

CALAFCO Daily Legislative Report as of Wednesday, February 22, 2017

1

AB 464 (Gallagher R) Local government reorganization.
Current Text: Introduced: 2/13/2017 [Text](#)
Introduced: 2/13/2017

Status: 2/14/2017-From printer. May be heard in committee March 16.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, current law requires that an applicant seeking a change of organization or reorganization submit a plan for providing services within the affected territory that includes, among other requirements, an enumeration and description of the services to be extended to the affected territory and an indication of when those services can feasibly be extended. This bill would specify that the plan is required to also include specific information regarding services currently provided to the affected territory, as applicable, and make related changes.

Position: Sponsor

Subject: Annexation Proceedings

CALAFCO Comments: This bill makes a fix to Gov. Code Sec. 56653 based on the court finding in the case of The City of Patterson v. Turlock Irrigation District. The court found that because the services were already being provided via an out of area service agreement, the application for annexation was deemed incomplete because it was not a new service to be provided. By making the fix in statute, any pending/future annexation for a territory that is already receiving services via an out of area service agreement will not be in jeopardy.

There is a pending amendment as (b)(3) should read "proposed" rather than "provided".

AB 979 (Lackey R) Local government.
Current Text: Introduced: 2/16/2017 [Text](#)
Introduced: 2/16/2017

Status: 2/17/2017-From printer. May be heard in committee March 19.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the sole and exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts and makes related findings and declarations. This bill would make nonsubstantive changes to those findings and declarations.

Position: Sponsor

Subject: CKH General Procedures

CALAFCO Comments: Currently in spot bill form, this bill is co-sponsored by CALAFCO and CSDA. The intent is to amend code Sec. 56332.5 to streamline the process of seating special districts on LAFCo by mirroring current statute 56332 (the process for electing special district representatives into the special district seats). Keeping the

process voluntary, it allows for voting by mail whether or not the district wants to have special districts represented on LAFCo. Further, it will allow for the consolidation of that question with the independent special district selection committee appointment to a countywide redevelopment agency oversight board pursuant to Health and Safety Code 34179 (j)(3).

SB 37 (Roth D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Current Text: Introduced: 12/5/2016 [Text](#)

Introduced: 12/5/2016

Status: 1/12/2017- Referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Beginning with the 2004–05 fiscal year and for each fiscal year thereafter, existing law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a Vehicle License Fee Property Tax Compensation Fund that exists in each county treasury. Current law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities. This bill would modify these reduction and transfer provisions for a city incorporating after January 1, 2004, and on or before January 1, 2012, for the 2017–18 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation.

Position: Support

Subject: Financial Viability of Agencies, Tax Allocation

CALAFCO Comments: This bill is identical to SB 817 (Roth, 2016), SB 25 (Roth, 2015) and SB 69 (Roth, 2014) with the exception of the chaptering out language included in the 2016 version (which addressed the companion bill AB 2277 (Melendez, 2016)). The bill calls for reinstatement of the VLF through ERAF for cities that incorporated between January 1, 2004 and January 1, 2012. There are no provisions for back payments for lost revenue, but the bill does reinstate future payments beginning in the 2017/18 year for cities that incorporated between 1-1-2004 and 1-1-2012.

SB 448 (Wieckowski D) Local government: organization: districts.

Current Text: Introduced: 2/15/2017 [Text](#)

Introduced: 2/15/2017

Status: 2/16/2017-From printer. May be acted upon on or after March 18.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, as specified, and defines various terms for these purposes. This bill would define the term "inactive district" for purposes of that act.

Position: None at this time

Subject: CKH General Procedures

CALAFCO Comments: This is a spot bill. According to the author's office, they have been working with the State Controller's office on the clean-up of inactive districts (both dependent and independent). CALAFCO was not contacted by the author's office, but has talked with them since the bill's introduction and will work with the author's office as the bill is amended.

AB 267 (Waldron R) Community services districts.**Current Text:** Introduced: 2/1/2017 [Text](#)**Introduced:** 2/1/2017**Status:** 2/2/2017-From printer. May be heard in committee March 4.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law provides for the organization and powers of community services districts, including the continuation of any community services district, improvement district of a community services district, or zone of a community services district, that was in existence on January 1, 2006. This bill would make nonsubstantive changes to these provisions.

Position: Watch**CALAFCO Comments:** According to the author's office this is a spot bill.**AB 355 (Chu D) State Water Resources Control Board: public water systems: collaboration.****Current Text:** Introduced: 2/8/2017 [Text](#)**Introduced:** 2/8/2017**Status:** 2/21/2017-Referred to Com. on E.S. & T.M.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would require the State Water Resources Control Board to collaborate with all public water systems to improve drinking water infrastructure and ensure adequate, safe, and clean drinking water supplies.

Position: Watch**Subject:** Water**CALAFCO Comments:** Spot bill pertaining to drinking water.**AB 577 (Caballero D) Disadvantaged communities.****Current Text:** Introduced: 2/14/2017 [Text](#)**Introduced:** 2/14/2017**Status:** 2/15/2017-From printer. May be heard in committee March 17.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law defines a disadvantaged community as a community with an annual median household income that is less than 80% of the statewide annual median household income for various purposes, that include, but are not limited to, the Water Quality, Supply, and Infrastructure Improvement Act of 2014, eligibility for certain entities to apply for funds from the State Water Pollution Cleanup and Abatement Account, and authorization for a community revitalization and investment authority to carry out a community revitalization plan. This bill would instead define a disadvantaged community as a community with an annual per capita income that is less than 80% of the statewide annual per capita income.

Position: Watch**Subject:** Disadvantaged Communities**AB 645 (Quirk D) Local government: organization: dissolution.****Current Text:** Introduced: 2/14/2017 [Text](#)

Introduced: 2/14/2017

Status: 2/15/2017-From printer. May be heard in committee March 17.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Under current law, if a change of organization consists of a dissolution, the commission is required to order the dissolution subject to confirmation of voters if, among other things, the proposal was not initiated by the commission and if a subject agency has not objected to the proposal, the commission has found that, for an inhabited territory protests have been signed by either 25% of the number of landowners within the affected territory who own at least 25% of the assessed value of land within the territory or 25% of the voters entitled to vote as a result of residing or owning land within the affected territory. This bill would decrease that threshold to 10% of the number of landowners within the affected territory who own at least 25% of the assessed value of land within the territory or 10% of the voters entitled to vote as a result of residing or owning land within the affected territory.

Position: Watch

Subject: CKH General Procedures, Disincorporation/dissolution, Special District Consolidations

CALAFCO Comments: According to the author's office this is a spot bill pending the outcome of the Alameda LAFCo special study on Eden Healthcare District.

AB 741 (Cervantes D) Public cemetery districts.

Current Text: Introduced: 2/15/2017 [Text](#)

Introduced: 2/15/2017

Status: 2/16/2017-From printer. May be heard in committee March 18.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law contains provisions relating to the establishment of public cemetery districts, including the formation of a district, the selection of a district governing board, and the powers and duties of the board. This bill would make technical, nonsubstantive changes to these provisions.

Position: Watch

Subject: Other

CALAFCO Comments: This is a spot bill.

SB 80 (Wieckowski D) California Environmental Quality Act: notices.

Current Text: Amended: 2/14/2017 [Text](#)

Introduced: 1/11/2017

Last Amended: 2/14/2017

Status: 2/14/2017-From committee with author's amendments. Read second time and amended. Re-referred to Com. on EQ.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The California Environmental Quality Act requires the lead agency to mail certain notices to persons who have filed a written request for notices. The act provides that if the agencies offer to provide the notices by email, upon filing a written request for notices, a person may request that the notices be provided to him or her by email. This bill would require the lead agency to post those notices on the agency's Internet Web site. The bill would require the agency to offer to provide those notices by email. Because this bill would increase the level of service provided by a local agency, this bill would impose a state-mandated local program.

Position: Watch**Subject:** CEQA**SB 206 (Committee on Governance and Finance) Validations.****Current Text:** Introduced: 2/1/2017 [Text](#)**Introduced:** 2/1/2017**Status:** 2/9/2017-Referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would enact the First Validating Act of 2017, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill would declare that it is to take effect immediately as an urgency statute.

Position: None at this time**Subject:** LAFCo Administration**CALAFCO Comments:** One of three annual acts which validate the boundaries of all local agencies.**SB 207 (Committee on Governance and Finance) Validations.****Current Text:** Introduced: 2/1/2017 [Text](#)**Introduced:** 2/1/2017**Status:** 2/9/2017-Referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would enact the Second Validating Act of 2017, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill would declare that it is to take effect immediately as an urgency statute.

Position: None at this time**Subject:** LAFCo Administration**CALAFCO Comments:** One of three annual acts which validate the boundaries of all local agencies.**SB 208 (Committee on Governance and Finance) Validations.****Current Text:** Introduced: 2/1/2017 [Text](#)**Introduced:** 2/1/2017**Status:** 2/9/2017-Referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would enact the Third Validating Act of 2017, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Position: None at this time**Subject:** LAFCo Administration**CALAFCO Comments:** One of three annual acts which validate the boundaries of all local agencies.**SB 365 (Dodd D) Regional park and open-space districts: County of Solano.****Current Text:** Introduced: 2/14/2017 [Text](#)

Introduced: 2/14/2017

Status: 2/15/2017-From printer. May be acted upon on or after March 17.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law authorizes proceedings for the formation of a regional park and open-space or regional open-space district in specified counties in the state to be initiated by resolution of the county board of supervisors adopted after a noticed hearing, and specifies the contents of the resolution. This bill, in addition, would authorize the formation of a regional district in the County of Solano to be initiated by resolution of the county board of supervisors after a noticed hearing. The bill would specify the contents of the resolution, including the calling of an election, as prescribed.

Position: Watch

CALAFCO Comments: This bill calls for the formation of a regional park and open space district which will circumvent the LAFCo formation process. CALAFCO has reached out to the author's office and a meeting is scheduled to discuss in detail.

SB 435 (Dodd D) Williamson Act: payments to local governments.

Current Text: Introduced: 2/15/2017 [Text](#)

Introduced: 2/15/2017

Status: 2/16/2017-From printer. May be acted upon on or after March 18.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would, under the Williamson act, reduce the amount per acre paid to a city, county, or city and county under these provisions to \$2.50 for prime agricultural land, \$0.50 for all other land devoted to open-space uses of statewide significance, and, for counties that have adopted farmland security zones, \$4 for land that is within, or within 3 miles of the sphere of influence of, each incorporated city.

Position: Watch

Subject: Ag Preservation - Williamson

SB 634 (Wilk R) Santa Clarita Valley Water District.

Current Text: Introduced: 2/17/2017 [Text](#)

Introduced: 2/17/2017

Status: 2/21/2017-From printer. May be acted upon on or after March 23.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law, the Castaic Lake Water Agency Law, created the Castaic Lake Water Agency and authorizes the agency to acquire water and water rights, including water from the State Water Project, and to provide, sell, and deliver water at wholesale for municipal, industrial, domestic, and other purposes. This bill would repeal the Castaic Lake Water Agency Law. This bill contains other related provisions and other current laws.

Position: None at this time

Subject: Special District Consolidations

CALAFCO Comments: This bill consolidates two independent water districts in Los Angeles and does not include the LAFCo process.

Total Measures: 16

Total Tracking Forms: 16

ASSEMBLY BILL

No. 464

12
Attachment B

**Introduced by Assembly Member Gallagher
(Principal coauthor: Assembly Member Mayes)**

February 13, 2017

An act to amend Section 56653 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 464, as introduced, Gallagher. Local government reorganization.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, among other things, establishes procedures for consideration of a proposal for change of organization or reorganization, as defined. Existing law requires that an applicant seeking a change of organization or reorganization submit a plan for providing services within the affected territory that includes, among other requirements, an enumeration and description of the services to be extended to the affected territory and an indication of when those services can feasibly be extended.

This bill would specify that the plan is required to also include specific information regarding services currently provided to the affected territory, as applicable, and make related changes.

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

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

- 1 SECTION 1. Section 56653 of the Government Code, as
- 2 amended by Section 2 of Chapter 784 of the Statutes of 2014, is
- 3 amended to read:

1 56653. (a) If a proposal for a change of organization or
2 reorganization is submitted pursuant to this part, the applicant shall
3 submit a plan for providing services within the affected territory.

4 (b) The plan for providing services shall include all of the
5 following information and any additional information required by
6 the commission or the executive officer:

7 (1) An enumeration and description of the services *currently*
8 *provided or* to be extended to the affected territory.

9 (2) The level and range of those services.

10 (3) An indication of when those services can feasibly be
11 extended to the affected ~~territory~~. *territory, if new services are*
12 *provided.*

13 (4) An indication of any improvement or upgrading of structures,
14 roads, sewer or water facilities, or other conditions the local agency
15 would impose or require within the affected territory if the change
16 of organization or reorganization is completed.

17 (5) Information with respect to how those services will be
18 financed.

19 (c) (1) In the case of a change of organization or reorganization
20 initiated by a local agency that includes a disadvantaged,
21 unincorporated community as defined in Section 56033.5, a local
22 agency may include in its resolution of application for change of
23 organization or reorganization an annexation development plan
24 adopted pursuant to Section 99.3 of the Revenue and Taxation
25 Code to improve or upgrade structures, roads, sewer or water
26 facilities, or other infrastructure to serve the disadvantaged,
27 unincorporated community through the formation of a special
28 district or reorganization of one or more existing special districts
29 with the consent of each special district's governing body.

30 (2) The annexation development plan submitted pursuant to this
31 subdivision shall include information that demonstrates that the
32 formation or reorganization of the special district will provide all
33 of the following:

34 (A) The necessary financial resources to improve or upgrade
35 structures, roads, sewer, or water facilities or other infrastructure.
36 The annexation development plan shall also clarify the local entity
37 that shall be responsible for the delivery and maintenance of the
38 services identified in the application.

39 (B) An estimated timeframe for constructing and delivering the
40 services identified in the application.

1 (C) The governance, oversight, and long-term maintenance of
2 the services identified in the application after the initial costs are
3 recouped and the tax increment financing terminates.

4 (3) If a local agency includes an annexation development plan
5 pursuant to this subdivision, a local agency formation commission
6 may approve the proposal for a change of organization or
7 reorganization to include the formation of a special district or
8 reorganization of a special district with the special district's
9 consent, including, but not limited to, a community services district,
10 municipal water district, or sanitary district, to provide financing
11 to improve or upgrade structures, roads, sewer or water facilities,
12 or other infrastructure to serve the disadvantaged, unincorporated
13 community, in conformity with the requirements of the principal
14 act of the district proposed to be formed and all required formation
15 proceedings.

16 (4) Pursuant to Section 56881, the commission shall include in
17 its resolution making determinations a description of the annexation
18 development plan, including, but not limited to, an explanation of
19 the proposed financing mechanism adopted pursuant to Section
20 99.3 of the Revenue and Taxation Code, including, but not limited
21 to, any planned debt issuance associated with that annexation
22 development plan.

23 (d) This section shall not preclude a local agency formation
24 commission from considering any other options or exercising its
25 powers under Section 56375.

26 (e) This section shall remain in effect only until January 1, 2025,
27 and as of that date is repealed.

28 SEC. 2. Section 56653 of the Government Code, as added by
29 Section 3 of Chapter 784 of the Statutes of 2014, is amended to
30 read:

31 56653. (a) If a proposal for a change of organization or
32 reorganization is submitted pursuant to this part, the applicant shall
33 submit a plan for providing services within the affected territory.

34 (b) The plan for providing services shall include all of the
35 following information and any additional information required by
36 the commission or the executive officer:

37 (1) An enumeration and description of the services *currently*
38 *provided or* to be extended to the affected territory.

39 (2) The level and range of those services.

1 (3) An indication of when those services can feasibly be
2 extended to the affected ~~territory~~. *territory, if new services are*
3 *proposed.*

4 (4) An indication of any improvement or upgrading of structures,
5 roads, sewer or water facilities, or other conditions the local agency
6 would impose or require within the affected territory if the change
7 of organization or reorganization is completed.

8 (5) Information with respect to how those services will be
9 financed.

10 (c) This section shall become operative on January 1, 2025.

ASSEMBLY BILL**No. 645****Introduced by Assembly Member Quirk**

February 14, 2017

An act to amend Section 57077.1 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 645, as introduced, Quirk. Local government: organization: dissolution.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, except as specified. Under existing law, if a change of organization consists of a dissolution, the commission is required to order the dissolution subject to confirmation of voters if, among other things, the proposal was not initiated by the commission and if a subject agency has not objected to the proposal, the commission has found that, for an inhabited territory protests have been signed by either 25% of the number of landowners within the affected territory who own at least 25% of the assessed value of land within the territory or 25% of the voters entitled to vote as a result of residing or owning land within the affected territory.

This bill would decrease that threshold to 10% of the number of landowners within the affected territory who own at least 25% of the assessed value of land within the territory or 10% of the voters entitled to vote as a result of residing or owning land within the affected territory.

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

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

1 SECTION 1. Section 57077.1 of the Government Code is
2 amended to read:

3 57077.1. (a) If a change of organization consists of a
4 dissolution, the commission shall order the dissolution without
5 confirmation of the voters, except if the proposal meets the
6 requirements of subdivision (b), the commission shall order the
7 dissolution subject to confirmation of the voters.

8 (b) The commission shall order the dissolution subject to the
9 confirmation of the voters as follows:

10 (1) If the proposal was not initiated by the commission, and if
11 a subject agency has not objected by resolution to the proposal,
12 the commission has found that protests meet one of the following
13 protest thresholds:

14 (A) In the case of inhabited territory, protests have been signed
15 by either of the following:

16 (i) At least ~~25~~ 10 percent of the number of landowners within
17 the affected territory who own at least 25 percent of the assessed
18 value of land within the territory.

19 (ii) At least ~~25~~ 10 percent of the voters entitled to vote as a result
20 of residing within, or owning land within, the affected territory.

21 (B) In the case of a landowner-voter district, that the territory
22 is uninhabited and that protests have been signed by at least 25
23 percent of the number of landowners within the affected territory
24 owning at least 25 percent of the assessed value of land within the
25 territory.

26 (2) If the proposal was not initiated by the commission, and if
27 a subject agency has objected by resolution to the proposal, written
28 protests have been submitted as follows:

29 (A) In the case of inhabited territory, protests have been signed
30 by either of the following:

31 (i) At least 25 percent of the number of landowners within any
32 subject agency within the affected territory who own at least 25
33 percent of the assessed value of land within the territory.

34 (ii) At least 25 percent of the voters entitled to vote as a result
35 of residing within, or owning land within, any subject agency
36 within the affected territory.

37 (B) In the case of a landowner-voter district, that the territory
38 is uninhabited and protests have been signed by at least 25 percent

1 of the number of landowners within any subject agency within the
2 affected territory, owning at least 25 percent of the assessed value
3 of land within the subject agency.

4 (3) If the proposal was initiated by the commission, and
5 regardless of whether a subject agency has objected to the proposal
6 by resolution, written protests have been submitted that meet the
7 requirements of Section 57113.

8 (c) Notwithstanding subdivisions (a) and (b) and Sections 57102
9 and 57103, if a change of organization consists of the dissolution
10 of a district that is consistent with a prior action of the commission
11 pursuant to Section 56378, 56425, or 56430, the commission may
12 do either of the following:

13 (1) If the dissolution is initiated by the district board,
14 immediately approve and order the dissolution without an election
15 or protest proceedings pursuant to this part.

16 (2) If the dissolution is initiated by an affected local agency, by
17 the commission pursuant to Section 56375, or by petition pursuant
18 to Section 56650, order the dissolution after holding at least one
19 noticed public hearing, and after conducting protest proceedings
20 in accordance with this part. Notwithstanding any other law, the
21 commission shall terminate proceedings if a majority protest exists
22 in accordance with Section 57078. If a majority protest is not
23 found, the commission shall order the dissolution without an
24 election.

ASSEMBLY BILL

No. 979

Attachment D

Introduced by Assembly Member Lackey

February 16, 2017

An act to amend Section 56001 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 979, as introduced, Lackey. Local government.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the sole and exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts and makes related findings and declarations.

This bill would make nonsubstantive changes to those findings and declarations.

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

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

1 SECTION 1. Section 56001 of the Government Code is
2 amended to read:
3 56001. The Legislature finds and declares that it is the policy
4 of the state to encourage orderly growth and ~~development~~
5 *development*, which are essential to the social, fiscal, and economic
6 well-being of the state. The Legislature recognizes that the logical
7 formation and determination of local agency boundaries is an
8 important factor in promoting orderly development and in

1 balancing that development with *the* sometimes competing state
2 interests of discouraging urban sprawl, preserving open-space and
3 prime agricultural lands, and efficiently extending government
4 services. The Legislature also recognizes that providing housing
5 for persons and families of all incomes is an important factor in
6 promoting orderly development. Therefore, the Legislature further
7 finds and declares that this policy should be effected by the logical
8 formation and modification of the boundaries of local agencies,
9 with a preference granted to accommodating additional growth
10 within, or through the expansion of, the boundaries of those local
11 agencies which can best accommodate and provide necessary
12 governmental services and housing for persons and families of all
13 incomes in the most efficient manner feasible.

14 The Legislature recognizes that urban population densities and
15 intensive residential, commercial, and industrial development
16 necessitate a broad spectrum and high level of community services
17 and controls. The Legislature also recognizes that when areas
18 become urbanized to the extent that they need the full range of
19 community services, priorities are required to be established
20 regarding the type and levels of services that the residents of an
21 urban community need and desire; that community service
22 priorities be established by weighing the total community service
23 needs against the total financial resources available for securing
24 community services; and that those community service priorities
25 are required to reflect local circumstances, conditions, and limited
26 financial resources. The Legislature finds and declares that a single
27 multipurpose governmental agency is accountable for community
28 service needs and financial resources and, therefore, may be the
29 best mechanism for establishing community service priorities
30 especially in urban areas. Nonetheless, the Legislature recognizes
31 the critical role of many limited purpose agencies, especially in
32 rural communities. The Legislature also finds that, whether
33 governmental services are proposed to be provided by a
34 single-purpose agency, several agencies, or a multipurpose agency,
35 responsibility should be given to the agency or agencies that can
36 best provide government services.

O

Introduced by Senator Roth
(Principal coauthor: Assembly Member Cervantes)

December 5, 2016

An act to amend Section 97.70 of the Revenue and Taxation Code, relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 37, as introduced, Roth. Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally provides that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined.

Existing property tax law also requires that, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education.

Beginning with the 2004–05 fiscal year and for each fiscal year thereafter, existing law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a Vehicle License Fee

Property Tax Compensation Fund that exists in each county treasury. Existing law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities.

This bill would modify these reduction and transfer provisions for a city incorporating after January 1, 2004, and on or before January 1, 2012, for the 2017–18 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation.

By imposing additional duties upon local tax officials with respect to the allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

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

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

1 SECTION 1. Section 97.70 of the Revenue and Taxation Code
 2 is amended to read:
 3 97.70. Notwithstanding any other law, for the 2004–05 fiscal
 4 year and for each fiscal year thereafter, all of the following apply:
 5 (a) (1) (A) The auditor shall reduce the total amount of ad
 6 valorem property tax revenue that is otherwise required to be
 7 allocated to a county’s Educational Revenue Augmentation Fund
 8 by the countywide vehicle license fee adjustment amount.
 9 (B) If, for the fiscal year, after complying with Section 97.68
 10 there is not enough ad valorem property tax revenue that is
 11 otherwise required to be allocated to a county Educational Revenue
 12 Augmentation Fund for the auditor to complete the allocation
 13 reduction required by subparagraph (A), the auditor shall
 14 additionally reduce the total amount of ad valorem property tax
 15 revenue that is otherwise required to be allocated to all school
 16 districts and community college districts in the county for that

1 fiscal year by an amount equal to the difference between the
2 countywide vehicle license fee adjustment amount and the amount
3 of ad valorem property tax revenue that is otherwise required to
4 be allocated to the county Educational Revenue Augmentation
5 Fund for that fiscal year. This reduction for each school district
6 and community college district in the county shall be the percentage
7 share of the total reduction that is equal to the proportion that the
8 total amount of ad valorem property tax revenue that is otherwise
9 required to be allocated to the school district or community college
10 district bears to the total amount of ad valorem property tax revenue
11 that is otherwise required to be allocated to all school districts and
12 community college districts in a county. For purposes of this
13 subparagraph, “school districts” and “community college districts”
14 do not include any districts that are excess tax school entities, as
15 defined in Section 95.

16 (2) The countywide vehicle license fee adjustment amount shall
17 be allocated to the Vehicle License Fee Property Tax Compensation
18 Fund that shall be established in the treasury of each county.

19 (b) (1) The auditor shall allocate moneys in the Vehicle License
20 Fee Property Tax Compensation Fund according to the following:

21 (A) Each city in the county shall receive its vehicle license fee
22 adjustment amount.

23 (B) Each county and city and county shall receive its vehicle
24 license fee adjustment amount.

25 (2) The auditor shall allocate one-half of the amount specified
26 in paragraph (1) on or before January 31 of each fiscal year, and
27 the other one-half on or before May 31 of each fiscal year.

28 (c) For purposes of this section, all of the following apply:

29 (1) “Vehicle license fee adjustment amount” for a particular
30 city, county, or a city and county means, subject to an adjustment
31 under paragraph (2) and Section 97.71, all of the following:

32 (A) For the 2004–05 fiscal year, an amount equal to the
33 difference between the following two amounts:

34 (i) The estimated total amount of revenue that would have been
35 deposited to the credit of the Motor Vehicle License Fee Account
36 in the Transportation Tax Fund, including any amounts that would
37 have been certified to the Controller by the auditor of the County
38 of Ventura under subdivision (j) of Section 98.02, as that section
39 read on January 1, 2004, for distribution under the law as it read
40 on January 1, 2004, to the county, city and county, or city for the

1 2004–05 fiscal year if the fee otherwise due under the Vehicle
 2 License Fee Law ~~(Pt. (Part 5 (commencing with Section 10701)~~
 3 ~~of Div. Division 2)~~ was 2 percent of the market value of a vehicle,
 4 as specified in ~~Section Sections~~ 10752 and 10752.1 as those
 5 sections read on January 1, 2004.

6 (ii) The estimated total amount of revenue that is required to be
 7 distributed from the Motor Vehicle License Fee Account in the
 8 Transportation Tax Fund to the county, city and county, and each
 9 city in the county for the 2004–05 fiscal year under Section 11005,
 10 as that section read on the operative date of the act that amended
 11 this clause.

12 (B) (i) Subject to an adjustment under clause (ii), for the
 13 2005–06 fiscal year, the sum of the following two amounts:

14 (I) The difference between the following two amounts:

15 ~~(Ia)~~

16 (ia) The actual total amount of revenue that would have been
 17 deposited to the credit of the Motor Vehicle License Fee Account
 18 in the Transportation Tax Fund, including any amounts that would
 19 have been certified to the Controller by the auditor of the County
 20 of Ventura under subdivision (j) of Section 98.02, as that section
 21 read on January 1, 2004, for distribution under the law as it read
 22 on January 1, 2004, to the county, city and county, or city for the
 23 2004–05 fiscal year if the fee otherwise due under the Vehicle
 24 License Fee Law (Part 5 (commencing with Section 10701) of
 25 Division 2) was 2 percent of the market value of a vehicle, as
 26 specified in Sections 10752 and 10752.1 as those sections read on
 27 January 1, 2004.

28 ~~(Ib)~~

29 (ib) The actual total amount of revenue that was distributed
 30 from the Motor Vehicle License Fee Account in the Transportation
 31 Tax Fund to the county, city and county, and each city in the county
 32 for the 2004–05 fiscal year under Section 11005, as that section
 33 read on the operative date of the act that amended this
 34 ~~sub-subclause: subsubclause.~~

35 (II) The product of the following two amounts:

36 ~~(IIa)~~

37 (ia) The amount described in subclause (I).

38 ~~(IIb)~~

39 (ib) The percentage change from the prior fiscal year to the
 40 current fiscal year in gross taxable assessed valuation within the

1 jurisdiction of the entity, as reflected in the equalized assessment
2 roll for those fiscal years. For the first fiscal year for which a
3 change in a city’s jurisdictional boundaries first applies, the
4 percentage change in gross taxable assessed valuation from the
5 prior fiscal year to the current fiscal year shall be calculated solely
6 on the basis of the city’s previous jurisdictional boundaries, without
7 regard to the change in that city’s jurisdictional boundaries. For
8 each following fiscal year, the percentage change in gross taxable
9 assessed valuation from the prior fiscal year to the current fiscal
10 year shall be calculated on the basis of the city’s current
11 jurisdictional boundaries.

12 (ii) The amount described in clause (i) shall be adjusted as
13 follows:

14 (I) If the amount described in subclause (I) of clause (i) for a
15 particular city, county, or city and county is greater than the amount
16 described in subparagraph (A) for that city, county, or city and
17 county, the amount described in clause (i) shall be increased by
18 an amount equal to this difference.

19 (II) If the amount described in subclause (I) of clause (i) for a
20 particular city, county, or city and county is less than the amount
21 described in subparagraph (A) for that city, county, or city and
22 county, the amount described in clause (i) shall be decreased by
23 an amount equal to this difference.

24 (C) For the 2006–07 fiscal year and for each fiscal year
25 thereafter, the sum of the following two amounts:

26 (i) The vehicle license fee adjustment amount for the prior fiscal
27 year, if Section 97.71 and clause (ii) of subparagraph (B) did not
28 apply for that fiscal year, for that city, county, and city and county.

29 (ii) The product of the following two amounts:

30 (I) The amount described in clause (i).

31 (II) The percentage change from the prior fiscal year to the
32 current fiscal year in gross taxable assessed valuation within the
33 jurisdiction of the entity, as reflected in the equalized assessment
34 roll for those fiscal years. For the first fiscal year for which a
35 change in a city’s jurisdictional boundaries first applies, the
36 percentage change in gross taxable assessed valuation from the
37 prior fiscal year to the current fiscal year shall be calculated solely
38 on the basis of the city’s previous jurisdictional boundaries, without
39 regard to the change in that city’s jurisdictional boundaries. For
40 each following fiscal year, the percentage change in gross taxable

1 assessed valuation from the prior fiscal year to the current fiscal
 2 year shall be calculated on the basis of the city’s current
 3 jurisdictional boundaries.

4 (2) *Notwithstanding paragraph (1), “vehicle license fee*
 5 *adjustment amount,” for a city incorporating after January 1,*
 6 *2004, and on or before January 1, 2012, means the following:*

7 (A) *For the 2017–18 fiscal year, the quotient derived from the*
 8 *following fraction:*

9 (i) *The numerator is the product of the following two amounts:*

10 (I) *The sum of the most recent vehicle license fee adjustment*
 11 *amounts determined for all cities in the county.*

12 (II) *The population of the incorporating city.*

13 (ii) *The denominator is the sum of the populations of all cities*
 14 *in the county.*

15 (B) *For the 2018–19 fiscal year, and for each fiscal year*
 16 *thereafter, the sum of the following two amounts:*

17 (i) *The vehicle license fee adjustment amount for the prior fiscal*
 18 *year.*

19 (ii) *The product of the following two amounts:*

20 (I) *The amount described in clause (i).*

21 (II) *The percentage change from the prior fiscal year to the*
 22 *current fiscal year in gross taxable assessed valuation within the*
 23 *jurisdiction of the entity, as reflected in the equalized assessment*
 24 *roll for those fiscal years.*

25 ~~(2)~~

26 (3) *For the 2013–14 fiscal year, the vehicle license fee*
 27 *adjustment amount that is determined under subparagraph (C) of*
 28 *paragraph (1) for the County of Orange shall be increased by*
 29 *fifty-three million dollars (\$53,000,000). For the 2014–15 fiscal*
 30 *year and each fiscal year thereafter, the calculation of the vehicle*
 31 *license fee adjustment amount for the County of Orange under*
 32 *subparagraph (C) of paragraph (1) shall be based on a prior fiscal*
 33 *year amount that reflects the full amount of this one-time increase*
 34 *of fifty-three million dollars (\$53,000,000).*

35 ~~(3)~~

36 (4) *“Countywide vehicle license fee adjustment amount” means,*
 37 *for any fiscal year, the total sum of the amounts described in*
 38 *paragraphs ~~(1)~~ (1), (2), and ~~(2)~~ (3) for a county or city and county,*
 39 *and each city in the county.*

40 ~~(4)~~

1 (5) On or before June 30 of each fiscal year, the auditor shall
2 report to the Controller the vehicle license fee adjustment amount
3 for the county and each city in the county for that fiscal year.

4 (d) For the 2005–06 fiscal year and each fiscal year thereafter,
5 the amounts determined under subdivision (a) of Section 96.1, or
6 any successor to that provision, shall not reflect, for a preceding
7 fiscal year, any portion of any allocation required by this section.

8 (e) For purposes of Section 15 of Article XI of the California
9 Constitution, the allocations from a Vehicle License Fee Property
10 Tax Compensation Fund constitute successor taxes that are
11 otherwise required to be allocated to counties and cities, and as
12 successor taxes, the obligation to make those transfers as required
13 by this section shall not be extinguished nor disregarded in any
14 manner that adversely affects the security of, or the ability of, a
15 county or city to pay the principal and interest on any debts or
16 obligations that were funded or secured by that city’s or county’s
17 allocated share of motor vehicle license fee revenues.

18 (f) This section shall not be construed to do any of the following:

19 (1) Reduce any allocations of excess, additional, or remaining
20 funds that would otherwise have been allocated to county
21 superintendents of schools, cities, counties, and cities and counties
22 pursuant to clause (i) of subparagraph (B) of paragraph (4) of
23 subdivision (d) of Sections 97.2 and 97.3 or Article 4 (commencing
24 with Section 98) had this section not been enacted. The allocations
25 required by this section shall be adjusted to comply with this
26 paragraph.

27 (2) Require an increased ad valorem property tax revenue
28 allocation or increased tax increment allocation to a community
29 redevelopment agency.

30 (3) Alter the manner in which ad valorem property tax revenue
31 growth from fiscal year to fiscal year is otherwise determined or
32 allocated in a county.

33 (4) Reduce ad valorem property tax revenue allocations required
34 under Article 4 (commencing with Section 98).

35 (g) Tax exchange or revenue sharing agreements, entered into
36 prior to the operative date of this section, between local agencies
37 or between local agencies and nonlocal agencies are deemed to be
38 modified to account for the reduced vehicle license fee revenues
39 resulting from the act that added this section. These agreements
40 are modified in that these reduced revenues are, in kind and in lieu

1 thereof, replaced with ad valorem property tax revenue from a
2 Vehicle License Fee Property Tax Compensation Fund or an
3 Educational Revenue Augmentation Fund.

4 SEC. 2. If the Commission on State Mandates determines that
5 this act contains costs mandated by the state, reimbursement to
6 local agencies and school districts for those costs shall be made
7 pursuant to Part 7 (commencing with Section 17500) of Division
8 4 of Title 2 of the Government Code.

O