



**Chairman**

Sam Abed  
Mayor  
City of Escondido

April 3, 2017

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**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

SUBJECT: Legislative Update Report

Dianne Jacob  
County Board of  
Supervisors

This is the 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 was February 20<sup>th</sup> for introduction of new bills. As reported at the March 2017 Commission Meeting, Attachment A is a legislative summary of selected bills that staff has identified for tracking. This summary is current through March 16, 2017.

Andrew Vanderlaan  
Public Member

Lorie Zapf  
Councilmember  
City of San Diego

Vacant  
City Member

Ed Sprague  
Olivenhain Municipal  
Water District

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 highest priority with a brief description on the three main bills of interest to date and recommended positions. Copies of the bills were provided to the commission in the March Update Report.

**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. **Recommended position: Support and send Letter**

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 979 (Lackey) Cortese–Knox–Hertzberg Act: Special District representation on LAFCO**

This bill is sponsored by CSDA and cosponsored by CALAFCO addressing the procedure for special districts to propose to hold an election on having representation on a commission. Additionally, in July 2018, in counties where multiple Redevelopment Agency (RDA) Oversight Boards have existed, LAFCO is to administer an election process for selecting a representative to the county-wide RDA Oversight Board, in accordance with SB 107 enacted in 2016. The proposed method is to have the Special Districts Selection Committee (officers of each independent special district) vote to select the representative. San Diego LAFCO has already used this method to select representatives to the commission. Staff will be monitoring the legislation to see if any amendments are proposed. **Recommended position: Support**

**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. **Recommended position: Support and send letter**

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. The summary as provided in Attachment A which is the CALAFCO Tracking Report is current as of March 16, 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:trl

**Attachments**

CALAFCO Tracking Report  
Assembly Bill No. 464  
Assembly Bill No. 979  
Senate Bill No. 37

## CALAFCO Daily Legislative Report as of Thursday, March 16, 2017

# 8

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**AB 464 (Gallagher R) Local government reorganization.**

**Current Text:** Amended: 3/14/2017 [Text](#)

**Introduced:** 2/13/2017

**Last Amended:** 3/14/2017

**Status:** 3/15/2017-Re-referred to Com. on L. GOV.

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.

As amended, corrections were made to: 56653(b)(3) reading "proposed" rather than "provided", and in Government Code Section 56857 an exemption added pursuant to Public Utilities Code Section 9608 for territory already receiving electrical service under a service area agreement approved by the Public Utilities Commission pursuant to Public Utilities Code Section 9608.

**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:** 3/15/2017-From committee: Do pass and re-refer to Com. on APPR. (Ayes 7, Noes 0.) (March 15). Re-referred to Com. on APPR.

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.

**Attachments:**

[CALAFCO Support Letter Feb 2017](#)

**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:** 2/23/2017-Referred to Com. on GOV. & F.

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

**Summary:**

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. CALAFCO understands the author has submitted amendments to Leg Counsel although we have not yet seen those amendments. We are working with the author's office to properly define "inactive district" and to help streamline the process of the dissolution of districts identified as inactive where it makes sense to take that action.

CALAFCO will continue to work with the author's office and other stakeholders and watch for amendments.

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**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							

**Calendar:**

4/4/2017 1:30 p.m. - State Capitol, Room 444 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

**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:** Amended: 3/9/2017 [Text](#)

**Introduced:** 2/14/2017

**Last Amended:** 3/9/2017

**Status:** 3/13/2017-Re-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	Conf. Conc.			
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**Calendar:**

4/4/2017 1:30 p.m. - State Capitol, Room 444 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

**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 expand the definition of a disadvantaged community to include 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

**CALAFCO Comments:** Sponsored by the Environmental Justice Coalition for Water, this bill is intended to expand the definition of disadvantaged communities to include multi-family households.

**AB 645 (Quirk D) Local government: organization: dissolution.**

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

**Introduced:** 2/14/2017

**Status:** 3/2/2017-Referred to Com. on L. GOV.

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:** 3/9/2017-Set for hearing March 29.

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

**Calendar:**

3/29/2017 9:30 a.m. - Room 3191 SENATE ENVIRONMENTAL QUALITY, WIECKOWSKI, Chair

**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:** 3/15/2017-From committee: Do pass. Ordered to consent calendar. (Ayes 7. Noes 0.) (March 15).

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

**Calendar:**

3/16/2017 #1 SENATE SEN SECOND READING FILE - SENATE BILLS

**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.

**Attachments:**

[CALAFCO Support Feb 2017](#)

**Position:** Support

**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:** 3/15/2017-From committee: Do pass. Ordered to consent calendar. (Ayes 7. Noes 0.) (March 15).

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

**Calendar:**

3/16/2017 #2 SENATE SEN SECOND READING FILE - SENATE BILLS

**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.

**Attachments:**

[CALAFCO Support Feb 2017](#)

**Position:** Support

**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:** 3/15/2017-From committee: Do pass. Ordered to consent calendar. (Ayes 7. Noes 0.) (March 15).

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

**Calendar:**

3/16/2017 #3 SENATE SEN SECOND READING FILE - SENATE BILLS

**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.

**Attachments:**

[CALAFCO Support Letter Feb 2017](#)

**Position:** Support

**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:** 3/8/2017-Set for hearing March 29.

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

**Calendar:**

3/29/2017 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

**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 discussed our concerns with the author's office.

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

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

**Introduced:** 2/15/2017

**Status:** 2/23/2017-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, 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

**CALAFCO Comments:** According to the author's office, this bill (originally sponsored by the CA Farm Bureau but no longer) is intended to ensure ongoing subvention funding for counties and cities to enter into contracts with owners of agricultural land that commit to protecting and preserving the property as resource land and farmland. The current language is placeholder language and at present the author is working with the Dept. of Conservation and stakeholder groups to determine a reasonable path forward for the reinstatement of the Williamson Act funding.

CALAFCO will watch the bill for pending amendments.

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

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

**Introduced:** 2/17/2017

**Status:** 3/7/2017-Set for hearing March 28.

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

**Calendar:**

3/28/2017 9 a.m. - Room 112 SENATE NATURAL RESOURCES AND WATER, HERTZBERG, Chair

**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. CALAFCO shared our concerns with the author's office.

Total Measures: 16  
Total Tracking Forms: 16

3/16/2017 11:45:51 AM

AMENDED IN ASSEMBLY MARCH 14, 2017

CALIFORNIA LEGISLATURE—2017—18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 464**

**Introduced by Assembly Member Gallagher**  
**(Principal coauthor: Assembly Member Mayes)**  
*(Coauthors: Assembly Members Mathis, Voepel, and Waldron)*  
*(Coauthors: Senators Dodd and Nielsen)*

February 13, 2017

An act to amend ~~Section~~ *Sections 56653 and 56857* of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 464, as amended, 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.

*The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 authorizes any district to which annexation of territory is proposed to adopt and transmit to the local agency formation commission a resolution requesting termination of proceedings, as specified, and requires the resolution to be based upon written findings*

*supported by substantial evidence in the record that the request is justified by a financial or service-related concern.*

*This bill would require the resolution to be based upon written findings supported by substantial evidence in the record that the request is justified as described above or because the territory is already receiving electrical service under a service area agreement approved by the Public Utilities Commission, as specified. The bill would require findings related to existing provision of electrical service by an irrigation district pursuant to a service area agreement approved under a specified provision to be based on the records of the district and the Public Utilities Commission, as provided.*

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:  
4 56653. (a) If a proposal for a change of organization or  
5 reorganization is submitted pursuant to this part, the applicant shall  
6 submit a plan for providing services within the affected territory.  
7 (b) The plan for providing services shall include all of the  
8 following information and any additional information required by  
9 the commission or the executive officer:  
10 (1) An enumeration and description of the services currently  
11 provided or to be extended to the affected territory.  
12 (2) The level and range of those services.  
13 (3) An indication of when those services can feasibly be  
14 extended to the affected territory, if new services are ~~provided~~.  
15 *proposed*.  
16 (4) An indication of any improvement or upgrading of structures,  
17 roads, sewer or water facilities, or other conditions the local agency  
18 would impose or require within the affected territory if the change  
19 of organization or reorganization is completed.  
20 (5) Information with respect to how those services will be  
21 financed.  
22 (c) (1) In the case of a change of organization or reorganization  
23 initiated by a local agency that includes a disadvantaged,  
24 unincorporated community as defined in Section 56033.5, a local

1 agency may include in its resolution of application for change of  
2 organization or reorganization an annexation development plan  
3 adopted pursuant to Section 99.3 of the Revenue and Taxation  
4 Code to improve or upgrade structures, roads, sewer or water  
5 facilities, or other infrastructure to serve the disadvantaged,  
6 unincorporated community through the formation of a special  
7 district or reorganization of one or more existing special districts  
8 with the consent of each special district's governing body.

9 (2) The annexation development plan submitted pursuant to this  
10 subdivision shall include information that demonstrates that the  
11 formation or reorganization of the special district will provide all  
12 of the following:

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

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

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

23 (3) If a local agency includes an annexation development plan  
24 pursuant to this subdivision, a local agency formation commission  
25 may approve the proposal for a change of organization or  
26 reorganization to include the formation of a special district or  
27 reorganization of a special district with the special district's  
28 consent, including, but not limited to, a community services district,  
29 municipal water district, or sanitary district, to provide financing  
30 to improve or upgrade structures, roads, sewer or water facilities,  
31 or other infrastructure to serve the disadvantaged, unincorporated  
32 community, in conformity with the requirements of the principal  
33 act of the district proposed to be formed and all required formation  
34 proceedings.

35 (4) Pursuant to Section 56881, the commission shall include in  
36 its resolution making determinations a description of the annexation  
37 development plan, including, but not limited to, an explanation of  
38 the proposed financing mechanism adopted pursuant to Section  
39 99.3 of the Revenue and Taxation Code, including, but not limited

1 to, any planned debt issuance associated with that annexation  
2 development plan.

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

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

8 SEC. 2. Section 56653 of the Government Code, as added by  
9 Section 3 of Chapter 784 of the Statutes of 2014, is amended to  
10 read:

11 56653. (a) If a proposal for a change of organization or  
12 reorganization is submitted pursuant to this part, the applicant shall  
13 submit a plan for providing services within the affected territory.

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

17 (1) An enumeration and description of the services currently  
18 provided or to be extended to the affected territory.

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

20 (3) An indication of when those services can feasibly be  
21 extended to the affected territory, if new services are proposed.

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

26 (5) Information with respect to how those services will be  
27 financed.

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

29 SEC. 3. Section 56857 of the Government Code is amended to  
30 read:

31 56857. (a) Upon receipt by the commission of a proposed  
32 change of organization or reorganization that includes the  
33 annexation of territory to any district, if the proposal is not filed  
34 by the district to which annexation of territory is proposed, the  
35 executive officer shall place the proposal on the agenda for the  
36 next commission meeting for information purposes only and shall  
37 transmit a copy of the proposal to any district to which an  
38 annexation of territory is requested.

39 (b) No later than 60 days after the date that the proposal is on  
40 the commission’s meeting agenda in accordance with subdivision

1 (a), any district to which annexation of territory is proposed may  
2 adopt and transmit to the commission a resolution requesting  
3 termination of the proceedings. The resolution requesting  
4 termination of the proceedings shall be based upon written findings  
5 supported by substantial evidence in the record that the request is  
6 justified by a financial or service related ~~concern~~ *concern or*  
7 *because the territory is already receiving electrical service under*  
8 *a service area agreement approved by the Public Utilities*  
9 *Commission pursuant to Section 9608 of the Public Utilities Code.*  
10 Prior to the commission's termination of proceedings pursuant to  
11 subdivision (c), the resolution is subject to judicial review.

12 (c) If any district to which annexation of territory is proposed  
13 has adopted and transmitted to the commission a resolution  
14 requesting termination of proceedings within the time period  
15 prescribed by, and in accordance with, subdivision (b), and if the  
16 commission has not been served with notice that judicial review  
17 of that resolution is being sought pursuant to subdivision (b), then  
18 the commission shall terminate the proceedings no sooner than 30  
19 days from receipt of the resolution from the district.

20 (d) For purposes of an annexation to a district pursuant to this  
21 section or Section 56668.3:

22 (1) "Financial concerns" means that the proposed uses within  
23 the territory proposed to be annexed do not have the capacity to  
24 provide sufficient taxes, fees, and charges, including connection  
25 fees, if any, to pay for the full cost of providing services, including  
26 capital costs. Cost allocation shall be based on generally accepted  
27 accounting principles and shall be subject to all constitutional and  
28 statutory limitations on the amount of the tax, fee, or charge.

29 (2) "Service concerns" means that a district will not have the  
30 ability to provide the services that are the subject of the application  
31 to the territory proposed to be annexed without imposing level of  
32 service reductions on existing and planned future uses in the  
33 district's current service area. "Service concerns" does not include  
34 a situation when a district has the ability to provide the services  
35 or the services will be available prior to the time that services will  
36 be required.

37 (3) "*Territory already receiving electrical service under a*  
38 *service area agreement approved by the Public Utilities*  
39 *Commission pursuant to Section 9608 of the Public Utilities Code"*  
40 *means territory that is outside the boundaries of an irrigation*

1 *district but is currently receiving electrical services from the*  
 2 *irrigation district pursuant to a service area agreement between*  
 3 *the district and a public utility approved by the Public Utilities*  
 4 *Commission as authorized by Sections 8101 to 8108, inclusive,*  
 5 *and 9608 of the Public Utilities Code.*

6 ~~(3)~~

7 (4) A district may make findings regarding financial or service  
 8 concerns based on information provided in the application and any  
 9 additional information provided to the district by the commission  
 10 or the applicant that is relevant to determining the adequacy of  
 11 existing and planned future services to meet the probable future  
 12 needs of the territory. Findings related to service or financial  
 13 concerns may be based on an urban water management plan, capital  
 14 improvement plan, financial statement, comprehensive annual  
 15 financial report, integrated resource management plan, or other  
 16 information related to the ability of a district to provide services.  
 17 *Findings related to existing provision of electrical service by an*  
 18 *irrigation district pursuant to a service area agreement approved*  
 19 *under Section 9608 of the Public Utilities Code shall be based on*  
 20 *the records of the district and the Public Utilities Commission*  
 21 *evidencing approval of such a service area agreement by the Public*  
 22 *Utilities Commission.*

23 ~~(4)~~

24 (5) Nothing in this section shall be construed to create a right  
 25 or entitlement to water service or any specific level of water  
 26 service.

27 ~~(5)~~

28 (6) Nothing in this section is intended to change existing law  
 29 concerning a district's obligation to provide water service to its  
 30 existing customers or to any potential future customers.

31 (e) This section shall not apply if all districts to which  
 32 annexation of territory is proposed have adopted and transmitted  
 33 to the commission a resolution supporting the proposed change of  
 34 organization or reorganization.

**ASSEMBLY BILL**

**No. 979**

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**Introduced by Assembly Member Lackey**

February 16, 2017

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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.

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

December 5, 2016

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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