

ASSEMBLY BILL

No. 405

Introduced by Assembly Member Duvall

February 15, 2007

An act to add Section 33679.5 to the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

AB 405, as introduced, Duvall. Redevelopment: tax increment revenues.

The Community Redevelopment Law authorizes redevelopment agencies to pay the principal of, and interest on, indebtedness incurred to finance or refinance redevelopment, from a portion of property tax revenues diverted from other taxing agencies. The portion of taxes diverted is the amount attributable to increases in assessed valuation of property in the redevelopment project area subsequent to establishment thereof. This method of financing is commonly known as "tax increment" financing and is specifically authorized by Section 16 of Article XVI of the California Constitution.

Existing law authorizes the deactivation of a redevelopment agency if the agency has no outstanding bonded indebtedness, no other unpaid loans, indebtedness, or advances and no legally binding contractual obligations with persons or entities other than the community.

This bill would require the share of property tax increment revenues diverted from local educational agencies to be directed to the county instead of the local educational agencies when a redevelopment agency is deactivated, if the county is a low wealth county, until the county has reached the average statewide percentage of countywide ad valorem property tax revenue, as provided. The bill would define a low wealth

county as one in which the percentage of countywide ad valorem property tax revenue that was collected in the county and that was allocated to the county for the 2003–04 fiscal year was less than the average statewide percentage of those revenues that were so collected and allocated in each county for that fiscal year.

The bill would change the pro rata shares in which ad valorem property tax revenues are allocated among local agencies in a county, within the meaning of paragraph (3) of subdivision (a) of Section 25.5 of Article XIII of the California Constitution, and thus would require for passage the approval of $\frac{2}{3}$ of the membership of each house of the Legislature.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

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

- 1 SECTION 1. Section 33679.5 is added to the Health and Safety
- 2 Code, to read:
- 3 33679.5. (a) When a redevelopment agency is deactivated, the
- 4 share of tax increment revenues that were diverted from local
- 5 educational agencies pursuant to Section 33670 shall be directed
- 6 to the county instead of the local educational agencies, if the county
- 7 is a low wealth county, until the county has reached the average
- 8 statewide percentage of countywide ad valorem property tax
- 9 revenue collected in the county and allocated to the county.
- 10 (b) For purposes of this section, “low wealth county” means a
- 11 county in which the percentage of countywide ad valorem property
- 12 tax revenue that was collected in the county and that was allocated
- 13 to the county for the 2003–04 fiscal year was less than the average
- 14 statewide percentage of those revenues that were so collected and
- 15 allocated in each county for that fiscal year.