

AMENDED IN SENATE MARCH 15, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 101

Introduced by Committee on Budget (Blumenfield (Chair), Alejo, Allen, Brownley, Buchanan, Butler, Cedillo, Chesbro, Dickinson, Feuer, Gordon, Huffman, Mitchell, Monning, and Swanson)

January 10, 2011

~~An act relating to the Budget Act of 2011.~~ *An act to amend Sections 33500, 33501, 33607.5, and 33607.7 of, to add Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to, Division 24 of, and to repeal Section 33604 of, the Health and Safety Code, and to add Sections 97.401 and 98.2 to, and to add Chapter 7 (commencing with Section 100.96) to Part 0.5 of Division 1 of, the Revenue and Taxation Code, relating to redevelopment, and making an appropriation therefor, to take effect immediately, bill related to the budget.*

LEGISLATIVE COUNSEL'S DIGEST

AB 101, as amended, Committee on Budget. ~~Budget Act of 2011.~~ *Community redevelopment.*

(1) The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law provides that an action may be brought to review the validity of the adoption or amendment of a redevelopment plan by an agency, to review the validity of agency findings or determinations, and other agency actions.

This bill would revise the provisions of law authorizing an action to be brought against the agency to determine or review the validity of specified agency actions.

(2) Existing law also requires that if an agency ceases to function, any surplus funds existing after payment of all obligations and indebtedness vest in the community.

The bill would repeal this provision. The bill would suspend various agency activities and prohibit agencies from incurring indebtedness commencing on the effective date of this act. Effective July 1, 2011, the bill would dissolve all redevelopment agencies and community development agencies in existence and designate successor agencies, as defined, as successor entities. The bill would impose various requirements on the successor agencies and subject successor agency actions to the review of oversight boards, which the bill would establish.

The bill would require county auditor-controllers to conduct an agreed-upon procedures audit of each former redevelopment agency by October 1, 2011. The bill would require the county auditor-controller to determine the amount of property taxes that would have been allocated to each redevelopment agency if the agencies had not been dissolved and deposit this amount in a Redevelopment Property Tax Trust Fund in the county. Revenues in the trust fund would be allocated to various taxing entities in the county and to cover specified expenses of the former agency. The sum of \$1,700,000,000 of these moneys would be allocated to the various counties for deposit in a Public Health and Safety Fund, which would be used to reimburse the state for health and trial court services in the county. The bill would authorize the county to elect not to administer this fund, in which case the Director of Finance would be required to designate a different entity to administer this fund. Under the bill, if the county elects not to administer the fund, it would not receive moneys remaining in the Redevelopment Property Tax Trust Fund, which would otherwise be distributed to taxing entities in the county. The bill would also require, for the 2012–13 fiscal year and each subsequent fiscal year in which funds are available, each county auditor-controller to allocate to various educational entities a specified amount. By imposing additional duties upon local public officials, the bill would create a state-mandated local program.

(3) Under the California Constitution, the Legislature is prohibited, except by a $\frac{2}{3}$ vote, from changing the pro rata shares in which ad valorem property tax revenues are allocated among local agencies in a county.

Because this measure would provide property tax revenues that would otherwise be received by enterprise special districts from former redevelopment tax increment allotments instead be received by the

respective county, and may result in property tax moneys in the Redevelopment Property Tax Trust Fund not being allocated to the county if it declines to administer the Public Health and Safety Fund, the bill would constitute a change in the pro rata share of property tax allocations in that county and require the passage of the bill by a ²/₃ vote.

(4) The bill would appropriate \$500,000 to the Department of Finance from the General Fund for administrative costs associated with the bill.

(5) 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 no reimbursement is required by this act for a specified reason.

(6) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2011.~~

Vote: ~~majority~~²/₃. Appropriation: ~~no~~-yes. Fiscal committee: ~~no~~ yes. State-mandated local program: ~~no~~-yes.

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

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

3 (a) The economy and the residents of this state are slowly
4 recovering from the worst recession since the Great Depression.

5 (b) State and local governments are still facing incredibly
6 significant declines in revenues and increased need for core
7 governmental services.

8 (c) Local governments across this state continue to confront
9 difficult choices and have had to reduce fire and police protection
10 among other services.

11 (d) Schools have faced reductions in funding that have caused
12 school districts to increase class size and layoff teachers, as well
13 as make other hurtful cuts.

14 (e) Redevelopment agencies have expanded over the years in
15 this state. The expansion of redevelopment agencies has

1 *increasingly shifted property taxes away from services provided*
2 *to schools, counties, special districts, and cities.*

3 *(f) Redevelopment agencies take in approximately 12 percent*
4 *of all of the property taxes collected across this state.*

5 *(g) It is estimated that under current law, redevelopment*
6 *agencies will divert \$5 billion in property tax revenue from other*
7 *taxing agencies in the 2011–12 fiscal year.*

8 *(h) These difficult times demand that a reexamination of*
9 *resources and priorities be undertaken. This reexamination*
10 *demonstrates that the state’s investment in local economic*
11 *development and redevelopment agencies is less critical than*
12 *providing for police and fire protection and is less critical than*
13 *preventing additional harm to public education.*

14 *(i) Therefore, the Legislature finds that the existence of*
15 *redevelopment agencies, which redirect property tax dollars from*
16 *core services, and do so without a vote of the voters, must cease.*
17 *The Legislature further finds that these existing tax dollars must*
18 *be returned to schools, fire districts, and the other local entities*
19 *from which they have been diverted.*

20 *(j) The Legislature has all legislative power not explicitly*
21 *restricted to it. The California Constitution does not require that*
22 *redevelopment agencies must exist and, unlike other entities such*
23 *as counties, does not limit the Legislature’s control over that*
24 *existence. Redevelopment agencies were created by statute and*
25 *can therefore be dissolved by statute.*

26 *(k) Upon their dissolution, any property taxes that would have*
27 *been allocated to redevelopment agencies will no longer be deemed*
28 *tax increment. Instead, those taxes will be deemed property tax*
29 *revenues and will be allocated first to successor agencies to make*
30 *payments on the indebtedness incurred by the dissolved*
31 *redevelopment agencies, with remaining balances allocated in*
32 *accordance with paragraph (3) of subdivision (a) of Section 25.5*
33 *of Article XIII of the California Constitution, the provisions of the*
34 *act adding this section, and other applicable laws.*

35 *(l) Among the allocations of these remaining balances, are*
36 *certain moneys that would be deposited in the Public Health and*
37 *Safety Fund established under this act. These amounts represent*
38 *an offer from the state to each county that is willing to make grants*
39 *to the state to defray certain costs in exchange for a permanent*
40 *increase in its property taxes. Under this act, counties are free to*

1 *accept or reject this arrangement. Counties may accept by*
2 *providing grants of funds to be deposited in the Public Health and*
3 *Safety Funds. Where counties do not accept, this act makes the*
4 *same optional arrangement available to other local entities within*
5 *the same county.*

6 *(m) It is the intent of the Legislature to do all of the following*
7 *in this act:*

8 *(1) Bar existing redevelopment agencies from incurring new*
9 *obligations, prior to their dissolution, that would divert any more*
10 *money from core governmental functions and dissolve all existing*
11 *redevelopment agencies effective July 1, 2011. It is further the*
12 *intent of the Legislature that the greatest amount of funding be*
13 *realized from these actions in order to provide additional funds*
14 *for core governmental services.*

15 *(2) Allocate property tax revenues to successor agencies for*
16 *making payments on indebtedness incurred by the redevelopment*
17 *agency prior to its dissolution and allocate remaining balances*
18 *in accordance with applicable constitutional and statutory*
19 *provisions.*

20 *(3) Beginning July 1, 2012, allocate these funds according to*
21 *the existing property tax allocation within each county, except for*
22 *enterprise special districts, after reserving passthrough amounts,*
23 *to make the funds available for cities, counties, special districts,*
24 *and school and community college districts to provide core*
25 *governmental services. As a result of these actions, it is estimated*
26 *that, by the 2012–13 fiscal year, these local entities will receive*
27 *\$1.9 billion per year in new resources to use for their core*
28 *priorities.*

29 *(4) Require successor agencies to expeditiously wind down the*
30 *affairs of the dissolved redevelopment agencies and to provide the*
31 *successor agencies with limited authority that extends only to the*
32 *extent needed to implement a winddown of redevelopment agency*
33 *affairs.*

34 *SEC. 2. (a) It is the intent of the Legislature to do both of the*
35 *following:*

36 *(1) Implement a program that provides local governments with*
37 *a means to further economic development and employment*
38 *opportunities in economically distressed areas.*

39 *(2) Give local governments alternative financing tools,*
40 *opportunities, and methods for development projects and purposes.*

1 ***(b) It is further the intent of the Legislature that all of the***
2 ***following occur:***

3 ***(1) The financing of these future economic development projects***
4 ***be fiscally sustainable.***

5 ***(2) These new tools and methods will be focused on areas that***
6 ***have significant poverty and economic stress and will focus on job***
7 ***creation opportunities in these areas. The focus may include***
8 ***brownfields, former military bases, or other areas with significant***
9 ***constraints on development.***

10 ***(3) These new approaches will enable local agencies to create***
11 ***significant employment opportunities in sustainable jobs, in areas***
12 ***that include green technology, alternative energy, and emerging***
13 ***technologies.***

14 ***(4) The state continues to provide a method for funding low and***
15 ***moderate income housing projects undertaken by local entities,***
16 ***with an increased emphasis on low and very low income housing.***

17 ***(5) That these new approaches will assist local government***
18 ***efforts to address the problems of greenhouse gas emissions and***
19 ***transportation and will promote infill development and***
20 ***development that takes advantage of existing public transportation***
21 ***infrastructure.***

22 ***SEC. 3. Section 33500 of the Health and Safety Code is***
23 ***amended to read:***

24 ***33500. (a) Notwithstanding any other provision of law,***
25 ***including Section 33501, an action may be brought to review the***
26 ***validity of the adoption or amendment of a redevelopment plan at***
27 ***any time within 90 days after the date of the adoption of the***
28 ***ordinance adopting or amending the plan, if the adoption of the***
29 ***ordinance occurred prior to January 1, 2011.***

30 ***(b) Notwithstanding any other provision of law, including***
31 ***Section 33501, an action may be brought to review the validity of***
32 ***any findings or determinations by the agency or the legislative***
33 ***body at any time within 90 days after the date on which the agency***
34 ***or the legislative body made those findings or determinations, if***
35 ***the findings or determinations occurred prior to January 1, 2011.***

36 ***(c) Notwithstanding any other law, including Section 33501,***
37 ***an action may be brought to review the validity of the adoption or***
38 ***amendment of a redevelopment plan at any time within two years***
39 ***after the date of the adoption of the ordinance adopting or***

1 *amending the plan, if the adoption of the ordinance occurred after*
2 *January 1, 2011.*

3 *(d) Notwithstanding any other law, including Section 33501,*
4 *an action may be brought to review the validity of any findings or*
5 *determinations by the agency or the legislative body at any time*
6 *within two years after the date on which the agency or the*
7 *legislative body made those findings or determinations, if the*
8 *findings or determinations occurred after January 1, 2011.*

9 *SEC. 4. Section 33501 of the Health and Safety Code is*
10 *amended to read:*

11 33501. (a) An action may be brought pursuant to Chapter 9
12 (commencing with Section 860) of Title 10 of Part 2 of the Code
13 of Civil Procedure to determine the validity of bonds and the
14 redevelopment plan to be financed or refinanced, in whole or in
15 part, by the bonds, or to determine the validity of a redevelopment
16 plan not financed by bonds, including without limiting the
17 generality of the foregoing, the legality and validity of all
18 proceedings theretofore taken for or in any way connected with
19 the establishment of the agency, its authority to transact business
20 and exercise its powers, the designation of the survey area, the
21 selection of the project area, the formulation of the preliminary
22 plan, the validity of the finding and determination that the project
23 area is predominantly urbanized, and the validity of the adoption
24 of the redevelopment plan, and also including the legality and
25 validity of all proceedings theretofore taken and (as provided in
26 the bond resolution) proposed to be taken for the authorization,
27 issuance, sale, and delivery of the bonds, and for the payment of
28 the principal thereof and interest thereon.

29 (b) Notwithstanding subdivision (a), an action to determine the
30 validity of a redevelopment plan, or amendment to a redevelopment
31 plan *that was adopted prior to January 1, 2011*, may be brought
32 within 90 days after the date of the adoption of the ordinance
33 adopting or amending the plan.

34 (c) *Any action that is commenced on or after January 1, 2011,*
35 *which is brought pursuant to Chapter 9 (commencing with Section*
36 *860) of Title 10 of Part 2 of the Code of Civil Procedure to*
37 *determine the validity or legality of any issue, document, or action*
38 *described in subdivision (a), may be brought within two years after*
39 *any triggering event that occurred after January 1, 2011.*

40 (e)

1 (d) For the purposes of protecting the interests of the state, the
 2 Attorney General and the Department of Finance are interested
 3 persons pursuant to Section 863 of the Code of Civil Procedure in
 4 any action brought with respect to the validity of an ordinance
 5 adopting or amending a redevelopment plan pursuant to this
 6 section.

7 ~~(d)~~

8 (e) For purposes of contesting the inclusion in a project area of
 9 lands that are enforceably restricted, as that term is defined in
 10 Sections 422 and 422.5 of the Revenue and Taxation Code, or
 11 lands that are in agricultural use, as defined in subdivision (b) of
 12 Section 51201 of the Government Code, the Department of
 13 Conservation, the county agricultural commissioner, the county
 14 farm bureau, the California Farm Bureau Federation, and
 15 agricultural entities and general farm organizations that provide a
 16 written request for notice, are interested persons pursuant to Section
 17 863 of the Code of Civil Procedure, in any action brought with
 18 respect to the validity of an ordinance adopting or amending a
 19 redevelopment plan pursuant to this section.

20 *SEC. 5. Section 33604 of the Health and Safety Code is*
 21 *repealed.*

22 ~~33604. If an agency ceases to function, any surplus funds~~
 23 ~~existing after payment of all its obligations and indebtedness shall~~
 24 ~~vest in the community.~~

25 *SEC. 6. Section 33607.5 of the Health and Safety Code is*
 26 *amended to read:*

27 33607.5. (a) (1) This section shall apply to each
 28 redevelopment project area that, pursuant to a redevelopment plan
 29 which contains the provisions required by Section 33670, is either:
 30 (A) adopted on or after January 1, 1994, including later
 31 amendments to these redevelopment plans; or (B) adopted prior
 32 to January 1, 1994, but amended, after January 1, 1994, to include
 33 new territory. For plans amended after January 1, 1994, only the
 34 tax increments from territory added by the amendment shall be
 35 subject to this section. All the amounts calculated pursuant to this
 36 section shall be calculated after the amount required to be deposited
 37 in the Low and Moderate Income Housing Fund pursuant to
 38 Sections 33334.2, 33334.3, and 33334.6 has been deducted from
 39 the total amount of tax increment funds received by the agency in
 40 the applicable fiscal year.

1 (2) The payments made pursuant to this section shall be in
2 addition to any amounts the affected taxing entities receive
3 pursuant to subdivision (a) of Section 33670. The payments made
4 pursuant to this section to the affected taxing entities, including
5 the community, shall be allocated among the affected taxing
6 entities, including the community if the community elects to receive
7 payments, in proportion to the percentage share of property taxes
8 each affected taxing entity, including the community, receives
9 during the fiscal year the funds are allocated, which percentage
10 share shall be determined without regard to any amounts allocated
11 to a city, a city and county, or a county pursuant to Sections 97.68
12 and 97.70 of the Revenue and Taxation Code, and without regard
13 to any allocation reductions to a city, a city and county, a county,
14 a special district, or a redevelopment agency pursuant to Sections
15 97.71, 97.72, and 97.73 of the Revenue and Taxation Code and
16 Section 33681.12. The agency shall reduce its payments pursuant
17 to this section to an affected taxing entity by any amount the agency
18 has paid, directly or indirectly, pursuant to Section 33445, 33445.5,
19 33445.6, 33446, or any other provision of law other than this
20 section for, or in connection with, a public facility owned or leased
21 by that affected taxing agency, except: (A) any amounts the
22 agency has paid directly or indirectly pursuant to an agreement
23 with a taxing entity adopted prior to January 1, 1994; or (B) any
24 amounts that are unrelated to the specific project area or
25 amendment governed by this section. The reduction in a payment
26 by an agency to a school district, community college district, or
27 county office of education, or for special education, shall be
28 subtracted only from the amount that otherwise would be available
29 for use by those entities for educational facilities pursuant to
30 paragraph (4). If the amount of the reduction exceeds the amount
31 that otherwise would have been available for use for educational
32 facilities in any one year, the agency shall reduce its payment in
33 more than one year.

34 (3) If an agency reduces its payment to a school district,
35 community college district, or county office of education, or for
36 special education, the agency shall do all of the following:

37 (A) Determine the amount of the total payment that would have
38 been made without the reduction.

39 (B) Determine the amount of the total payment without the
40 reduction which: (i) would have been considered property taxes;

1 and (ii) would have been available to be used for educational
 2 facilities pursuant to paragraph (4).

3 (C) Reduce the amount available to be used for educational
 4 facilities.

5 (D) Send the payment to the school district, community college
 6 district, or county office of education, or for special education,
 7 with a statement that the payment is being reduced and including
 8 the calculation required by this subdivision showing the amount
 9 to be considered property taxes and the amount, if any, available
 10 for educational facilities.

11 (4) (A) Except as specified in subparagraph (E), of the total
 12 amount paid each year pursuant to this section to school districts,
 13 43.3 percent shall be considered to be property taxes for the
 14 purposes of paragraph (1) of subdivision (h) of Section 42238 of
 15 the Education Code, and 56.7 percent shall not be considered to
 16 be property taxes for the purposes of that section and shall be
 17 available to be used for educational facilities, *including, in the*
 18 *case of amounts paid during the 2011–12 fiscal year through the*
 19 *2015–16 fiscal year, inclusive, land acquisition, facility*
 20 *construction, reconstruction, remodeling, maintenance, or deferred*
 21 *maintenance.*

22 (B) Except as specified in subparagraph (E), of the total amount
 23 paid each year pursuant to this section to community college
 24 districts, 47.5 percent shall be considered to be property taxes for
 25 the purposes of Section 84751 of the Education Code, and 52.5
 26 percent shall not be considered to be property taxes for the purposes
 27 of that section and shall be available to be used for educational
 28 facilities, *including, in the case of amounts paid during the*
 29 *2011–12 fiscal year through the 2015–16 fiscal year, inclusive,*
 30 *land acquisition, facility construction, reconstruction, remodeling,*
 31 *maintenance, or deferred maintenance.*

32 (C) Except as specified in subparagraph (E), of the total amount
 33 paid each year pursuant to this section to county offices of
 34 education, 19 percent shall be considered to be property taxes for
 35 the purposes of Section 2558 of the Education Code, and 81 percent
 36 shall not be considered to be property taxes for the purposes of
 37 that section and shall be available to be used for educational
 38 facilities, *including, in the case of amounts paid during the*
 39 *2011–12 fiscal year through the 2015–16 fiscal year, inclusive,*

1 *land acquisition, facility construction, reconstruction, remodeling,*
2 *maintenance, or deferred maintenance.*

3 (D) Except as specified in subparagraph (E), of the total amount
4 paid each year pursuant to this section for special education, 19
5 percent shall be considered to be property taxes for the purposes
6 of Section 56712 of the Education Code, and 81 percent shall not
7 be considered to be property taxes for the purposes of that section
8 and shall be available to be used for education facilities, *including,*
9 *in the case of amounts paid during the 2011–12 fiscal year through*
10 *the 2015–16 fiscal year; inclusive, land acquisition, facility*
11 *construction, reconstruction, remodeling, maintenance, or deferred*
12 *maintenance.*

13 (E) If, pursuant to paragraphs (2) and (3), an agency reduces
14 its payments to an educational entity, the calculation made by the
15 agency pursuant to paragraph (3) shall determine the amount
16 considered to be property taxes and the amount available to be
17 used for educational facilities in the year the reduction was made.

18 (5) Local education agencies that use funds received pursuant
19 to this section for school facilities shall spend these funds at schools
20 that are: (A) within the project area, (B) attended by students from
21 the project area, (C) attended by students generated by projects
22 that are assisted directly by the redevelopment agency, or (D)
23 determined by the governing board of a local education agency to
24 be of benefit to the project area.

25 (b) Commencing with the first fiscal year in which the agency
26 receives tax increments and continuing through the last fiscal year
27 in which the agency receives tax increments, a redevelopment
28 agency shall pay to the affected taxing entities, including the
29 community if the community elects to receive a payment, an
30 amount equal to 25 percent of the tax increments received by the
31 agency after the amount required to be deposited in the Low and
32 Moderate Income Housing Fund has been deducted. In any fiscal
33 year in which the agency receives tax increments, the community
34 that has adopted the redevelopment project area may elect to
35 receive the amount authorized by this paragraph.

36 (c) Commencing with the 11th fiscal year in which the agency
37 receives tax increments and continuing through the last fiscal year
38 in which the agency receives tax increments, a redevelopment
39 agency shall pay to the affected taxing entities, other than the
40 community which has adopted the project, in addition to the

1 amounts paid pursuant to subdivision (b) and after deducting the
2 amount allocated to the Low and Moderate Income Housing Fund,
3 an amount equal to 21 percent of the portion of tax increments
4 received by the agency, which shall be calculated by applying the
5 tax rate against the amount of assessed value by which the current
6 year assessed value exceeds the first adjusted base year assessed
7 value. The first adjusted base year assessed value is the assessed
8 value of the project area in the 10th fiscal year in which the agency
9 receives tax increment revenues.

10 (d) Commencing with the 31st fiscal year in which the agency
11 receives tax increments and continuing through the last fiscal year
12 in which the agency receives tax increments, a redevelopment
13 agency shall pay to the affected taxing entities, other than the
14 community which has adopted the project, in addition to the
15 amounts paid pursuant to subdivisions (b) and (c) and after
16 deducting the amount allocated to the Low and Moderate Income
17 Housing Fund, an amount equal to 14 percent of the portion of tax
18 increments received by the agency, which shall be calculated by
19 applying the tax rate against the amount of assessed value by which
20 the current year assessed value exceeds the second adjusted base
21 year assessed value. The second adjusted base year assessed value
22 is the assessed value of the project area in the 30th fiscal year in
23 which the agency receives tax increments.

24 (e) (1) Prior to incurring any loans, bonds, or other
25 indebtedness, except loans or advances from the community, the
26 agency may subordinate to the loans, bonds or other indebtedness
27 the amount required to be paid to an affected taxing entity by this
28 section, provided that the affected taxing entity has approved these
29 subordinations pursuant to this subdivision.

30 (2) At the time the agency requests an affected taxing entity to
31 subordinate the amount to be paid to it, the agency shall provide
32 the affected taxing entity with substantial evidence that sufficient
33 funds will be available to pay both the debt service and the
34 payments required by this section, when due.

35 (3) Within 45 days after receipt of the agency's request, the
36 affected taxing entity shall approve or disapprove the request for
37 subordination. An affected taxing entity may disapprove a request
38 for subordination only if it finds, based upon substantial evidence,
39 that the agency will not be able to pay the debt payments and the
40 amount required to be paid to the affected taxing entity. If the

1 affected taxing entity does not act within 45 days after receipt of
2 the agency's request, the request to subordinate shall be deemed
3 approved and shall be final and conclusive.

4 (f) (1) The Legislature finds and declares both of the
5 following:

6 (A) The payments made pursuant to this section are necessary
7 in order to alleviate the financial burden and detriment that affected
8 taxing entities may incur as a result of the adoption of a
9 redevelopment plan, and payments made pursuant to this section
10 will benefit redevelopment project areas.

11 (B) The payments made pursuant to this section are the
12 exclusive payments that are required to be made by a
13 redevelopment agency to affected taxing entities during the term
14 of a redevelopment plan.

15 (2) Notwithstanding any other provision of law, a
16 redevelopment agency shall not be required, either directly or
17 indirectly, as a measure to mitigate a significant environmental
18 effect or as part of any settlement agreement or judgment brought
19 in any action to contest the validity of a redevelopment plan
20 pursuant to Section 33501, to make any other payments to affected
21 taxing entities, or to pay for public facilities that will be owned or
22 leased to an affected taxing entity.

23 (g) As used in this section, a "local education agency" is a
24 school district, a community college district, or a county office of
25 education.

26 *SEC. 7. Section 33607.7 of the Health and Safety Code is*
27 *amended to read:*

28 33607.7. (a) This section shall apply to a redevelopment plan
29 amendment for any redevelopment plans adopted prior to January
30 1, 1994, that increases the limitation on the number of dollars to
31 be allocated to the redevelopment agency or that increases, or
32 eliminates pursuant to paragraph (1) of subdivision (e) of Section
33 33333.6, the time limit on the establishing of loans, advances, and
34 indebtedness established pursuant to paragraphs (1) and (2) of
35 subdivision (a) of Section 33333.6, as those paragraphs read on
36 December 31, 2001, or that lengthens the period during which the
37 redevelopment plan is effective if the redevelopment plan being
38 amended contains the provisions required by subdivision (b) of
39 Section 33670. However, this section shall not apply to those
40 redevelopment plans that add new territory.

1 (b) If a redevelopment agency adopts an amendment that is
2 governed by the provisions of this section, it shall pay to each
3 affected taxing entity either of the following:

4 (1) If an agreement exists that requires payments to the taxing
5 entity, the amount required to be paid by an agreement between
6 the agency and an affected taxing entity entered into prior to
7 January 1, 1994.

8 (2) If an agreement does not exist, the amounts required
9 pursuant to subdivisions (b), (c), (d), and (e) of Section 33607.5,
10 until termination of the redevelopment plan, calculated against the
11 amount of assessed value by which the current year assessed value
12 exceeds an adjusted base year assessed value. The amounts shall
13 be allocated between property taxes and educational facilities,
14 *including, in the case of amounts paid during the 2011–12 fiscal*
15 *year through the 2015–16 fiscal year, inclusive, land acquisition,*
16 *facility construction, reconstruction, remodeling, maintenance, or*
17 *deferred maintenance, according to the appropriate formula in*
18 *paragraph (3) of subdivision (a) of Section 33607.5. In determining*
19 *the applicable amount under Section 33607.5, the first fiscal year*
20 *shall be the first fiscal year following the fiscal year in which the*
21 *adjusted base year value is determined.*

22 (c) The adjusted base year assessed value shall be the assessed
23 value of the project area in the year in which the limitation being
24 amended would have taken effect without the amendment or, if
25 more than one limitation is being amended, the first year in which
26 one or more of the limitations would have taken effect without the
27 amendment. The agency shall commence making these payments
28 pursuant to the terms of the agreement, if applicable, or, if an
29 agreement does not exist, in the first fiscal year following the fiscal
30 year in which the adjusted base year value is determined.

31 *SEC. 8. Part 1.8 (commencing with Section 34161) is added*
32 *to Division 24 of the Health and Safety Code, to read:*

1 *PART 1.8. RESTRICTIONS ON REDEVELOPMENT AGENCY*
2 *OPERATIONS*

3
4 *CHAPTER 1. SUSPENSION OF AGENCY ACTIVITIES AND*
5 *PROHIBITION ON CREATION OF NEW DEBTS*
6

7 34161. *Notwithstanding Part 1 (commencing with Section*
8 *33000), Part 1.5 (commencing with Section 34000), Part 1.6*
9 *(commencing with Section 34050), and Part 1.7 (commencing with*
10 *Section 34100), or any other law, commencing on the effective*
11 *date of this part, no agency shall incur new or expand existing*
12 *monetary or legal obligations except as provided in this part. All*
13 *of the provisions of this part shall take effect and be operative on*
14 *the effective date of the act adding this part.*

15 34162. (a) *Notwithstanding Part 1 (commencing with Section*
16 *33000), Part 1.5 (commencing with Section 34000), Part 1.6*
17 *(commencing with Section 34050), and Part 1.7 (commencing with*
18 *Section 34100), or any other law, commencing on the effective*
19 *date of this act, an agency shall be unauthorized and shall not take*
20 *any action to incur indebtedness, including, but not limited to, any*
21 *of the following:*

22 (1) *Issue or sell bonds, for any purpose, regardless of the source*
23 *of repayment of the bonds. As used in this section, the term*
24 *“bonds,” includes, but is not limited to, any bonds, notes, bond*
25 *anticipation notes, interim certificates, debentures, certificates of*
26 *participation, refunding bonds, or other obligations issued by an*
27 *agency pursuant to Part 1 (commencing with Section 33000), and*
28 *Section 53583 of the Government Code, pursuant to any charter*
29 *city authority or any revenue bond law.*

30 (2) *Incur indebtedness payable from prohibited sources of*
31 *repayment, which include, but are not limited to, income and*
32 *revenues of an agency’s redevelopment projects, taxes allocated*
33 *to the agency, taxes imposed by the agency pursuant to Section*
34 *7280.5 of the Revenue and Taxation Code, assessments imposed*
35 *by the agency, loan repayments made to the agency pursuant to*
36 *Section 33746, fees or charges imposed by the agency, other*
37 *revenues of the agency, and any contributions or other financial*
38 *assistance from the state or federal government.*

1 (3) *Refund, restructure, or refinance indebtedness or obligations*
2 *that existed as of January 1, 2011, including but, not limited to,*
3 *any of the following:*

4 (A) *Refund bonds previously issued by the agency or by another*
5 *political subdivision of the state, including, but not limited to, those*
6 *issued by a city, a housing authority, or a nonprofit corporation*
7 *acting on behalf of a city or a housing authority.*

8 (B) *Exercise the right of optional redemption of any of its*
9 *outstanding bonds or elect to purchase any of its own outstanding*
10 *bonds.*

11 (C) *Modify or amend the terms and conditions, payment*
12 *schedules, amortization or maturity dates of any of the agency's*
13 *bonds or other obligations that are outstanding or exist as of*
14 *January 1, 2011.*

15 (4) *Take out or accept loans or advances, for any purpose, from*
16 *the state or the federal government, any other public agency, or*
17 *any private lending institution, or from any other source. For*
18 *purposes of this section, the term "loans" include, but are not*
19 *limited to, agreements with the community or any other entity for*
20 *the purpose of refinancing a redevelopment project and moneys*
21 *advanced to the agency by the community or any other entity for*
22 *the expenses of redevelopment planning, expenses for dissemination*
23 *of redevelopment information, other administrative expenses, and*
24 *overhead of the agency.*

25 (5) *Execute trust deeds or mortgages on any real or personal*
26 *property owned or acquired by it.*

27 (6) *Pledge or encumber, for any purpose, any of its revenues*
28 *or assets. As used in this part, an agency's "revenues and assets"*
29 *include, but are not limited to, agency tax revenues, redevelopment*
30 *project revenues, other agency revenues, deeds of trust and*
31 *mortgages held by the agency, rents, fees, charges, moneys,*
32 *accounts receivable, contracts rights, and other rights to payment*
33 *of whatever kind or other real or personal property. As used in*
34 *this part, to "pledge or encumber" means to make a commitment*
35 *of, by the grant of a lien on and a security interest in, an agency's*
36 *revenues or assets, whether by resolution, indenture, trust*
37 *agreement, loan agreement, lease, installment sale agreement,*
38 *reimbursement agreement, mortgage, deed of trust, pledge*
39 *agreement, or similar agreement in which the pledge is provided*
40 *for or created.*

1 (b) Any actions taken that conflict with this section are void
2 from the outset and shall have no force or effect.

3 (c) Notwithstanding subdivision (a), a redevelopment agency
4 may issue refunding bonds, which are referred to in this part as
5 Emergency Refunding Bonds, only where all of the following
6 conditions are met:

7 (1) The issuance of Emergency Refunding Bonds is the only
8 means available to the agency to avoid a default on outstanding
9 agency bonds.

10 (2) Both the county treasurer and the Treasurer have approved
11 the issuance of Emergency Refunding Bonds.

12 (3) Emergency Refunding Bonds are issued only to provide
13 funds for any single debt service payment that is due prior to
14 September 1, 2011, and that is more than 20 percent larger than
15 a level debt service payment would be for that bond.

16 (4) The principal amount of outstanding agency bonds is not
17 increased.

18 34163. Notwithstanding Part 1 (commencing with Section
19 33000), Part 1.5 (commencing with Section 34000), Part 1.6
20 (commencing with Section 34050), and Part 1.7 (commencing with
21 Section 34100), or any other law, commencing on the effective
22 date of this part, an agency shall not have the authority to, and
23 shall not, do any of the following:

24 (a) Make loans or advances or grant or enter into agreements
25 to provide funds or provide financial assistance of any sort to any
26 entity or person for any purpose, including, but not limited to, all
27 of the following:

28 (1) Loans of moneys or any other thing of value or commitments
29 to provide financing to nonprofit organizations to provide those
30 organizations with financing for the acquisition, construction,
31 rehabilitation, refinancing, or development of multifamily rental
32 housing or the acquisition of commercial property for lease, each
33 pursuant to Chapter 7.5 (commencing with Section 33741) of Part
34 1.

35 (2) Loans of moneys or any other thing of value for residential
36 construction, improvement, or rehabilitation pursuant to Chapter
37 8 (commencing with Section 33750) of Part 1. These include, but
38 are not limited to, construction loans to purchasers of residential
39 housing, mortgage loans to purchasers of residential housing, and

1 loans to mortgage lenders, or any other entity, to aid in financing
2 pursuant to Chapter 8 (commencing with Section 33750).

3 (3) The purchase, by an agency, of mortgage or construction
4 loans from mortgage lenders or from any other entities.

5 (b) Enter into contracts with, incur obligations, or make
6 commitments to, any entity, whether governmental, tribal, or
7 private, or any individual or groups of individuals for any purpose,
8 including, but not limited to, loan agreements, passthrough
9 agreements, regulatory agreements, services contracts, leases,
10 disposition and development agreements, joint exercise of powers
11 agreements, contracts for the purchase of capital equipment,
12 agreements for redevelopment activities, including, but not limited
13 to, agreements for planning, design, redesign, development,
14 demolition, alteration, construction, reconstruction, rehabilitation,
15 site remediation, site development or improvement, removal of
16 graffiti, land clearance, and seismic retrofits.

17 (c) Amend or modify existing agreements, obligations, or
18 commitments with any entity, for any purpose, including, but not
19 limited to, any of the following:

20 (1) Renewing or extending term of leases or other agreements,
21 except that the agency may extend lease space for its own use to
22 a date not to exceed six months after the effective date of the act
23 adding this part and for a rate no more than 5 percent above the
24 rate the agency currently pays on a monthly basis.

25 (2) Modifying terms and conditions of existing agreements,
26 obligations, or commitments.

27 (3) Forgiving all or any part of the balance owed to the agency
28 on existing loans or extend the term or change the terms and
29 conditions of existing loans.

30 (4) Increasing its deposits to the Low and Moderate Income
31 Housing Fund created pursuant to Section 33334.3 beyond the
32 minimum level that applied to it as of January 1, 2011.

33 (5) Transferring funds out of the Low and Moderate Income
34 Housing Fund, except to meet the minimum housing-related
35 obligations that existed as of January 1, 2011, to make required
36 payments under Sections 33690 and 33690.5, and to borrow funds
37 pursuant to Section 34168.5.

38 (d) Dispose of assets by sale, long-term lease, gift, grant,
39 exchange, transfer, assignment, or otherwise, for any purpose,
40 including, but not limited to, any of the following:

1 (1) Assets, including, but not limited to, real property, deeds of
2 trust, and mortgages held by the agency, moneys, accounts
3 receivable, contract rights, proceeds of insurance claims, grant
4 proceeds, settlement payments, rights to receive rents, and any
5 other rights to payment of whatever kind.

6 (2) Real property, including, but not limited to, land, land under
7 water and waterfront property, buildings, structures, fixtures, and
8 improvements on the land, any property appurtenant to, or used
9 in connection with, the land, every estate, interest, privilege,
10 easement, franchise, and right in land, including rights-of-way,
11 terms for years, and liens, charges, or encumbrances by way of
12 judgment, mortgage, or otherwise, and the indebtedness secured
13 by the liens.

14 (e) Acquire real property by any means for any purpose,
15 including, but not limited to, the purchase, lease, or exercising of
16 an option to purchase or lease, exchange, subdivide, transfer,
17 assume, obtain option upon, acquire by gift, grant, bequest, devise,
18 or otherwise acquire any real property, any interest in real
19 property, and any improvements on it, including the repurchase
20 of developed property previously owned by the agency and the
21 acquisition of real property by eminent domain; provided, however,
22 that nothing in this subdivision is intended to prohibit the
23 acceptance or transfer of title for real property acquired prior to
24 the effective date of this part.

25 (f) Transfer, assign, vest, or delegate any of its assets, funds,
26 rights, powers, ownership interests, or obligations for any purpose
27 to any entity, including, but not limited to, the community, the
28 legislative body, another member of a joint powers authority, a
29 trustee, a receiver, a partner entity, another agency, a nonprofit
30 corporation, a contractual counterparty, a public body, a
31 limited-equity housing cooperative, the state, a political subdivision
32 of the state, the federal government, any private entity, or an
33 individual or group of individuals.

34 (g) Accept financial or other assistance from the state or federal
35 government or any public or private source if the acceptance
36 necessitates or is conditioned upon the agency incurring
37 indebtedness as that term is described in this part.

38 34164. Notwithstanding Part 1 (commencing with Section
39 33000), Part 1.5 (commencing with Section 34000), Part 1.6
40 (commencing with Section 34050), and Part 1.7 (commencing with

1 Section 34100), or any other law, commencing on the effective
 2 date of this part, an agency shall lack the authority to, and shall
 3 not, engage in any of the following redevelopment activities:

4 (a) Prepare, approve, adopt, amend, or merge a redevelopment
 5 plan, including, but not limited to, modifying, extending, or
 6 otherwise changing the time limits on the effectiveness of a
 7 redevelopment plan.

8 (b) Create, designate, merge, expand, or otherwise change the
 9 boundaries of a project area.

10 (c) Designate a new survey area or modify, extend, or otherwise
 11 change the boundaries of an existing survey area.

12 (d) Approve or direct or cause the approval of any program,
 13 project, or expenditure where approval is not required by law.

14 (e) Prepare, formulate, amend, or otherwise modify a
 15 preliminary plan or cause the preparation, formulation,
 16 modification, or amendment of a preliminary plan.

17 (f) Prepare, formulate, amend, or otherwise modify an
 18 implementation plan or cause the preparation, formulation,
 19 modification, or amendment of an implementation plan.

20 (g) Prepare, formulate, amend, or otherwise modify a relocation
 21 plan or cause the preparation, formulation, modification, or
 22 amendment of a relocation plan where approval is not required
 23 by law.

24 (h) Prepare, formulate, amend, or otherwise modify a
 25 redevelopment housing plan or cause the preparation, formulation,
 26 modification, or amendment of a redevelopment housing plan.

27 (i) Direct or cause the development, rehabilitation, or
 28 construction of housing units within the community, unless required
 29 to do so by an enforceable obligation.

30 (j) Make or modify a declaration or finding of blight, blighted
 31 areas, or slum and blighted residential areas.

32 (k) Make any new findings or declarations that any areas of
 33 blight cannot be remedied or redeveloped by private enterprise
 34 alone.

35 (l) Provide or commit to provide relocation assistance, except
 36 where the provision of relocation assistance is required by law.

37 (m) Provide or commit to provide financial assistance.

38 34165. Notwithstanding Part 1 (commencing with Section
 39 33000), Part 1.5 (commencing with Section 34000), Part 1.6
 40 (commencing with Section 34050), and Part 1.7 (commencing with

1 Section 34100), or any other law, commencing on the effective
2 date of this part, an agency shall lack the authority to, and shall
3 not, do any of the following:

4 (a) Enter into new partnerships, become a member in a joint
5 powers authority, form a joint powers authority, create new
6 entities, or become a member of any entity of which it is not
7 currently a member, nor take on nor agree to any new duties or
8 obligations as a member or otherwise of any entity to which the
9 agency belongs or with which it is in any way associated.

10 (b) Impose new assessments pursuant to Section 7280.5 of the
11 Revenue and Taxation Code.

12 (c) Increase the pay, benefits, or contributions of any sort for
13 any officer, employee, consultant, contractor, or any other goods
14 or service provider that had not previously been contracted.

15 (d) Provide optional or discretionary bonuses to any officers,
16 employees, consultants, contractors, or any other service or goods
17 providers.

18 (e) Increase numbers of staff employed by the agency beyond
19 the number employed as of January 1, 2011.

20 (f) Bring an action pursuant to Chapter 9 (commencing with
21 Section 860) of Title 10 of Part 2 of the Code of Civil Procedure
22 to determine the validity of any issuance or proposed issuance of
23 revenue bonds under this chapter and the legality and validity of
24 all proceedings previously taken or proposed in a resolution of an
25 agency to be taken for the authorization, issuance, sale, and
26 delivery of the revenue bonds and for the payment of the principal
27 thereof and interest thereon.

28 (g) Begin any condemnation proceeding or begin the process
29 to acquire real property by eminent domain.

30 (h) Prepare or have prepared a draft environmental impact
31 report. This subdivision shall not alter or eliminate any
32 requirements of the California Environmental Quality Act (Division
33 13 (commencing with Section 21000) of the Public Resources
34 Code).

35 34166. No legislative body or local governmental entity shall
36 have any statutory authority to create or otherwise establish a new
37 redevelopment agency or community development commission.
38 No chartered city or chartered county shall exercise the powers
39 granted in Part 1 (commencing with Section 33000) to create or
40 otherwise establish a redevelopment agency.

1 34167. (a) *This part is intended to preserve, to the maximum*
2 *extent possible, the revenues and assets of redevelopment agencies*
3 *so that those assets and revenues that are not needed to pay for*
4 *enforceable obligations may be used by local governments to fund*
5 *core governmental services including police and fire protection*
6 *services and schools. It is the intent of the Legislature that*
7 *redevelopment agencies take no actions that would further deplete*
8 *the corpus of the agencies' funds regardless of their original*
9 *source. All provisions of this part shall be construed as broadly*
10 *as possible to support this intent and to restrict the expenditure of*
11 *funds to the fullest extent possible.*

12 (b) *For purposes of this part "agency" or "redevelopment*
13 *agency" means a redevelopment agency created or formed*
14 *pursuant to Part 1 (commencing with Section 33000) or its*
15 *predecessor or a community development commission created or*
16 *formed pursuant to Part 1.7 (commencing with Section 34100) or*
17 *its predecessor.*

18 (c) *Nothing in this part in any way impairs the authority of a*
19 *community development commission, other than in its authority*
20 *to act as a redevelopment agency, to take any actions in its capacity*
21 *as a housing authority or for any other community development*
22 *purpose of the jurisdiction in which it operates.*

23 (d) *For purposes of this part, "enforceable obligation" means*
24 *any of the following:*

25 (1) *Bonds, as defined by Section 33602 and bonds issued*
26 *pursuant to Section 5850 of the Government Code, including the*
27 *required debt service, reserve set-asides and any other payments*
28 *required under the indenture or similar documents governing the*
29 *issuance of the outstanding bonds of the redevelopment agency.*

30 (2) *Loans of moneys borrowed by the redevelopment agency*
31 *for a lawful purpose, to the extent they are legally required to be*
32 *repaid pursuant to a required repayment schedule or other*
33 *mandatory loan terms.*

34 (3) *Payments required by the federal government, preexisting*
35 *obligations to the state or obligations imposed by state law, other*
36 *than passthrough payments that are made by the county*
37 *auditor-controller pursuant to Section 34183, or legally*
38 *enforceable payments required in connection with the agencies'*
39 *employees, including, but not limited to, pension payments, pension*
40 *obligation debt service, and unemployment payments.*

1 (4) *Judgments or settlements entered by a competent court of*
2 *law or binding arbitration decisions against the former*
3 *redevelopment agency, other than passthrough payments that are*
4 *made by the county auditor-controller pursuant to Section 34183.*
5 *Along with the successor agency, the oversight board shall have*
6 *the authority and standing to appeal any judgment or to set aside*
7 *any settlement or arbitration decision.*

8 (5) *Any legally binding and enforceable agreement or contract*
9 *that is not otherwise void as violating the debt limit or public*
10 *policy.*

11 (6) *Contracts or agreements necessary for the continued*
12 *administration or operation of the redevelopment agency to the*
13 *extent permitted by this part, including, but not limited to,*
14 *agreements to purchase or rent office space, equipment and*
15 *supplies, and pay related expenses pursuant to Section 33127 and*
16 *for carrying insurance pursuant to Section 33134.*

17 (e) *To the extent that any provision of Part 1 (commencing with*
18 *Section 33000), Part 1.5 (commencing with Section 34000), Part*
19 *1.6 (commencing with Section 34050), or Part 1.7 (commencing*
20 *with Section 34100) conflicts with this part, the provisions of this*
21 *part shall control. Further, if any provision in Part 1 (commencing*
22 *with Section 33000), Part 1.5 (commencing with Section 34000),*
23 *Part 1.6 (commencing with Section 34050), or Part 1.7*
24 *(commencing with Section 34100) provides an authority that this*
25 *part is restricting or eliminating, the restriction and elimination*
26 *provisions of this part shall control.*

27 (f) *Nothing in this part shall be construed to interfere with a*
28 *redevelopment agency's authority, pursuant to enforceable*
29 *obligations as defined in this chapter, to (1) make payments due,*
30 *(2) enforce existing covenants and obligations, or (3) perform its*
31 *obligations.*

32 (g) *The existing terms of any memorandum of understanding*
33 *with an employee organization representing employees of a*
34 *redevelopment agency adopted pursuant to the*
35 *Meyers-Milias-Brown Act that is in force on the effective date of*
36 *this part shall continue in force until June 30, 2011, unless a new*
37 *agreement is reached with a recognized employee organization*
38 *prior to that date.*

39 (h) *After the enforceable obligation payment schedule is adopted*
40 *pursuant to Section 34169, or after 60 days from the effective date*

1 of this part, whichever is sooner, the agency shall not make a
2 payment unless it is listed in an adopted enforceable obligation
3 payment schedule, other than payments required to meet
4 obligations with respect to bonded indebtedness.

5 (i) The Department of Finance and the Controller shall each
6 have the authority to require any documents associated with the
7 enforceable obligations to be provided to them in a manner of
8 their choosing. Any taxing entity, the department, and the
9 Controller shall each have standing to file a judicial action to
10 prevent a violation under this part and to obtain injunctive or other
11 appropriate relief.

12 (j) For purposes of this part, “auditor-controller” means the
13 officer designated in subdivision (e) of Section 24000 of the
14 Government Code.

15 34167.5. Commencing on the effective date of the act adding
16 this part, the Controller shall review the activities of redevelopment
17 agencies in the state to determine whether an asset transfer has
18 occurred after January 1, 2011, between the city or county, or city
19 and county that created a redevelopment agency or any other
20 public agency, and the redevelopment agency. If such an asset
21 transfer did occur during that period and the government agency
22 that received the assets is not contractually committed to a third
23 party for the expenditure or encumbrance of those assets, to the
24 extent not prohibited by state and federal law, the Controller shall
25 order the available assets to be returned to the redevelopment
26 agency or, on or after July 1, 2011, to the successor agency. Upon
27 receiving such an order from the Controller, an affected local
28 agency shall, as soon as practicable, reverse the transfer and
29 return the applicable assets to the redevelopment agency or, on
30 or after July 1, 2011, to the successor agency. The Legislature
31 hereby finds that a transfer of assets by a redevelopment agency
32 during the period covered in this section is deemed not to be in
33 the furtherance of the Community Redevelopment Law and is
34 thereby unauthorized.

35 34168. (a) Notwithstanding any other law, any action
36 contesting the validity of this part or Part 1.85 (commencing with
37 Section 34170) or challenging acts taken pursuant to these parts
38 shall be brought in the Superior Court of the County of
39 Sacramento.

1 (b) If any provision of this part or the application thereof to any
2 person or circumstance is held invalid, the invalidity does not
3 affect other provisions or applications of this part which can be
4 given effect without the invalid provision or application, and to
5 this end, the provisions of this part are severable.

6
7 CHAPTER 2. REDEVELOPMENT AGENCY RESPONSIBILITIES

8
9 34169. Until successor agencies are authorized pursuant to
10 Part 1.85 (commencing with Section 34170), redevelopment
11 agencies shall do all of the following:

12 (a) Continue to make all scheduled payments for enforceable
13 obligations, as defined in subdivision (d) of Section 34167.

14 (b) Perform obligations required pursuant to any enforceable
15 obligations, including, but not limited to, observing covenants for
16 continuing disclosure obligations and those aimed at preserving
17 the tax-exempt status of interest payable on any outstanding agency
18 bonds.

19 (c) Set aside or maintain reserves in the amount required by
20 indentures, trust indentures, or similar documents governing the
21 issuance of outstanding redevelopment agency bonds.

22 (d) Consistent with the intent declared in subdivision (a) of
23 Section 34167, preserve all assets, minimize all liabilities, and
24 preserve all records of the redevelopment agency.

25 (e) Cooperate with the successor agencies and provide all
26 records and information necessary or desirable for audits, making
27 of payments required by enforceable obligations, and performance
28 of enforceable obligations by the successor agencies.

29 (f) Take all reasonable measures to avoid triggering an event
30 of default under any enforceable obligations as defined in
31 subdivision (d) of Section 34167.

32 (g) (1) Within 60 days of the effective date of this part, adopt
33 an Enforceable Obligation Payment Schedule that lists all of the
34 obligations that are enforceable within the meaning of subdivision
35 (d) of Section 34167 which includes the following information
36 about each obligation:

37 (A) The project name associated with the obligation.

38 (B) The payee.

1 (C) A short description of the nature of the work, product,
2 service, facility, or other thing of value for which payment is to be
3 made.

4 (D) The amount of payments obligated to be made, by month,
5 through December 2011.

6 (2) Payment schedules for issued bonds may be aggregated,
7 and payment schedules for payments to employees may be
8 aggregated. This schedule shall be adopted at a public meeting
9 and shall be posted on the agency's Internet Web site or, if no
10 Internet Web site exists, on the Internet Web site of the legislative
11 body, if that body has an Internet Web site. The schedule may be
12 amended at any public meeting of the agency. Amendments shall
13 be posted to the Internet Web site for at least three business days
14 before a payment may be made pursuant to an amendment. The
15 Enforceable Obligation Payment Schedule shall be transmitted by
16 mail or electronic means to the county auditor-controller, the
17 Controller, and the Department of Finance. A notification
18 providing the Internet Web site location of the posted schedule
19 and notifications of any amendments shall suffice to meet this
20 requirement.

21 (h) Prepare a preliminary draft of the initial recognized
22 obligation payment schedule, no later than June 30, 2011, and
23 provide it to the successor agency.

24 (i) The Department of Finance may review a redevelopment
25 agency action taken pursuant to subdivision (g) or (h). As such,
26 all agency actions shall not be effective for 72 hours, pending a
27 request for review by the department. Each agency shall designate
28 an official to whom the department may make such requests and
29 who shall provide the department with the telephone number and
30 e-mail contact information for the purpose of communicating with
31 the department pursuant to this subdivision. In the event that the
32 department requests a review of a given agency action, it shall
33 have 10 days from the date of its request to approve the agency
34 action or return it to the agency for reconsideration and such
35 action shall not be effective until approved by the department. In
36 the event that the department returns the agency action to the
37 agency for reconsideration, the agency must resubmit the modified
38 action for department approval and the modified action shall not
39 become effective until approved by the department. This subdivision
40 shall apply to a successor agency, as a successor entity to a

1 dissolved redevelopment agency, with respect to the preliminary
2 draft of the initial recognized obligation payment schedule.

3 SEC. 9. Part 1.85 (commencing with Section 34170) is added
4 to Division 24 of the Health and Safety Code, to read:

5

6 PART 1.85. DISSOLUTION OF REDEVELOPMENT AGENCIES
7 AND DESIGNATION OF SUCCESSOR AGENCIES

8

9 CHAPTER 1. EFFECTIVE DATE, CREATION OF FUNDS, AND
10 DEFINITION OF TERMS

11

12 34170. (a) Unless otherwise specified, all provisions of this
13 part shall take effect on July 1, 2011.

14 (b) If any provision of this part or the application thereof to any
15 person or circumstance is held invalid, the invalidity shall not
16 affect other provisions or applications of this part which can be
17 given effect without the invalid provision or application, and to
18 this end, the provisions of this part are severable.

19 34170.5. (a) The county auditor-controller shall create within
20 the treasury of each county, whose borders formerly contained a
21 redevelopment agency, the Public Health and Safety Fund, for
22 administration by the county auditor-controller or such other entity
23 as provided in Section 34182.

24 (b) The county auditor-controller shall create within the county
25 treasury a Redevelopment Obligation Retirement Fund to be
26 administered by the successor agency.

27 (c) The county auditor-controller shall create within the county
28 treasury a Redevelopment Property Tax Trust Fund for the
29 property tax revenues related to each former redevelopment
30 agency, for administration by the county auditor-controller.

31 34171. The following terms shall have the following meanings:

32 (a) "Administrative budget" means the budget for administrative
33 costs of the successor agencies as provided in Section 34177.

34 (b) "Administrative cost allowance" means an amount that,
35 subject to the approval of the oversight board, is payable from
36 property tax revenues of up to 5 percent of the property tax
37 allocated to the successor agency for the 2011–12 fiscal year and
38 up to 3 percent of the property tax allocated to the Redevelopment
39 Obligation Retirement Fund money that is allocated to the
40 successor agency for each fiscal year thereafter; provided,

1 *however, that the amount shall not be less than two hundred fifty*
 2 *thousand dollars (\$250,000) for any fiscal year or such lesser*
 3 *amount as agreed to by the successor agency. However, the*
 4 *allowance amount shall exclude any administrative costs that can*
 5 *be paid from bond proceeds or from sources other than property*
 6 *tax.*

7 *(c) “Approved development project” means a project where*
 8 *construction, site remediation, design, or environmental assessment*
 9 *work or property acquisition is required by the former*
 10 *redevelopment agency pursuant to an enforceable obligation*
 11 *entered into prior to January 1, 2011, between the former*
 12 *redevelopment agency and parties other than the entities that*
 13 *created the redevelopment agency and either paragraph (1) or (2)*
 14 *applies:*

15 *(1) Substantial performance under the applicable agreements*
 16 *has taken place prior to the effective date of the act adding this*
 17 *part.*

18 *(2) The oversight board determines both of the following:*

19 *(A) That completion of the project described or referenced in*
 20 *the enforceable obligation would generate significant economic*
 21 *benefits for the taxing entities, commensurate with their investment*
 22 *of funds, and also benefit the region.*

23 *(B) That the project described or referenced in the enforceable*
 24 *obligation presents a particularly advantageous opportunity to*
 25 *benefit the taxing entities and the region due to special or unique*
 26 *circumstances, including, but not limited to, the availability of*
 27 *uniquely suited properties, and the ability to leverage significant*
 28 *federal or other external funding, or the project is needed to make*
 29 *facilities, investments, or project phases that are already completed*
 30 *or are under construction economically practical, useful, or*
 31 *beneficial.*

32 *(3) Any determination made pursuant to paragraph (2) shall*
 33 *be subject to approval pursuant to Section 34178.1.*

34 *(4) For purposes of this subdivision, an enforceable obligation*
 35 *shall not be expanded in scope or character.*

36 *(d) “Designated local authority” shall mean a public entity*
 37 *formed pursuant to subdivision (d) of Section 34173.*

38 *(e) (1) “Enforceable obligation” means any of the following:*

39 *(A) Bonds, as defined by Section 33602 and bonds issued*
 40 *pursuant to Section 58383 of the Government Code, including the*

1 *required debt service, reserve set-asides, and any other payments*
2 *required under the indenture or similar documents governing the*
3 *issuance of the outstanding bonds of the former redevelopment*
4 *agency.*

5 *(B) Loans of moneys borrowed by the redevelopment agency*
6 *for a lawful purpose, to the extent they are legally required to be*
7 *repaid pursuant to a required repayment schedule or other*
8 *mandatory loan terms.*

9 *(C) Payments required by the federal government, preexisting*
10 *obligations to the state or obligations imposed by state law, other*
11 *than passthrough payments that are made by the county*
12 *auditor-controller pursuant to Section 34183, or legally*
13 *enforceable payments required in connection with the agencies'*
14 *employees, including, but not limited to, pension payments, pension*
15 *obligation debt service, unemployment payments, or other*
16 *obligations conferred through a collective bargaining agreement.*

17 *(D) Judgments or settlements entered by a competent court of*
18 *law or binding arbitration decisions against the former*
19 *redevelopment agency, other than passthrough payments that are*
20 *made by the county auditor-controller pursuant to Section 34183.*
21 *Along with the successor agency, the oversight board shall have*
22 *the authority and standing to appeal any judgment or to set aside*
23 *any settlement or arbitration decision.*

24 *(E) Any legally binding and enforceable agreement or contract*
25 *that is not otherwise void as violating the debt limit or public*
26 *policy. However, nothing in this act shall prohibit either the*
27 *successor agency, with the approval or at the direction of the*
28 *oversight board, or the oversight board itself from terminating*
29 *any existing agreements or contracts and providing any necessary*
30 *and required compensation or remediation for such termination.*

31 *(F) Contracts or agreements necessary for the administration*
32 *or operation of the successor agency, in accordance with this part,*
33 *including, but not limited to, agreements to purchase or rent office*
34 *space, equipment and supplies, and pay related expenses pursuant*
35 *to Section 33127 and for carrying insurance pursuant to Section*
36 *33134.*

37 *(G) Amounts borrowed from or payments owing to the Low and*
38 *Moderate Income Housing Fund of a redevelopment agency, which*
39 *had been deferred as of the effective date of the act adding this*

1 *part; provided, however, that the repayment schedule is approved*
2 *by the oversight board.*

3 *(2) For purposes of this part, “enforceable obligation” does*
4 *not include any agreements, contracts, or arrangements between*
5 *the city, county, or city and county that created the redevelopment*
6 *agency and the former redevelopment agency.*

7 *(3) Contracts or agreements between the former redevelopment*
8 *agency and other public agencies, to perform services or provide*
9 *funding for governmental or private services or capital projects*
10 *outside of redevelopment project areas that do not provide benefit*
11 *to the redevelopment project and thus were not properly authorized*
12 *under Part 1 (commencing with Section 33000) shall be deemed*
13 *void on the effective date of this part; provided, however, that such*
14 *contracts or agreements for the provision of housing properly*
15 *authorized under Part 1 (commencing with Section 33000) shall*
16 *not be deemed void.*

17 *(f) “Oversight board” shall mean each entity established*
18 *pursuant to Section 34179.*

19 *(g) “Recognized obligation” means an obligation listed in the*
20 *Recognized Obligation Payment Schedule.*

21 *(h) “Recognized Obligation Payment Schedule” means the*
22 *document setting forth the minimum payment amounts and due*
23 *dates of payments required by enforceable obligations for each*
24 *six-month fiscal period as provided in subdivision (m) of Section*
25 *34177.*

26 *(i) “Retained development project” is a project planned by the*
27 *redevelopment agency prior to dissolution that the city, county,*
28 *or city and county that created the redevelopment agency and*
29 *wishes to continue to develop, utilizing its own funds, but which*
30 *the successor agency would otherwise be directed by the oversight*
31 *board to terminate due to its failure to qualify as an approved*
32 *development project.*

33 *(j) “School entity” means any entity defined as such in Section*
34 *95 of the Revenue and Taxation Code.*

35 *(k) “Successor agency” means the county, city, or city and*
36 *county that authorized the creation of each redevelopment agency*
37 *or another entity as provided in Section 34173.*

38 *(l) “Taxing entities” means cities, counties, a city and county,*
39 *special districts, and school entities, as defined in subdivision (f)*
40 *of Section 95 of the Revenue and Taxation Code, that receive*

1 *passthrough payments and distributions of property taxes pursuant*
2 *to the provisions of this part.*

3

4 *CHAPTER 2. EFFECT OF REDEVELOPMENT AGENCY DISSOLUTION*

5

6 *34172. (a) All redevelopment agencies and redevelopment*
7 *agency components of community development agencies created*
8 *under Part 1 (commencing with Section 33000), Part 1.5*
9 *(commencing with Section 34000), Part 1.6 (commencing with*
10 *Section 34050) and Part 1.7 (commencing with Section 34100)*
11 *that were in existence on the effective date of this part are hereby*
12 *dissolved and shall no longer exist as a public body, corporate or*
13 *politic. Nothing in this part dissolves or otherwise affects the*
14 *authority of a community redevelopment commission, other than*
15 *in its authority to act as a redevelopment agency, in its capacity*
16 *as a housing authority or for any other community development*
17 *purpose of the jurisdiction in which it operates.*

18 *(b) All authority to transact business or exercise powers*
19 *previously granted under the Community Redevelopment Law*
20 *(Part 1 (commencing with Section 33000) is hereby withdrawn*
21 *from the former redevelopment agencies.*

22 *(c) Solely for purposes of Section 16 of Article XVI of the*
23 *California Constitution, the Redevelopment Property Tax Trust*
24 *Fund shall be deemed to be a special fund of the dissolved*
25 *redevelopment agency to pay the principal of and interest on loans,*
26 *moneys advanced to, or indebtedness, whether funded, refunded,*
27 *assumed, or otherwise incurred by the redevelopment agency to*
28 *finance or refinance, in whole or in part, the redevelopment*
29 *projects of each redevelopment agency dissolved pursuant to this*
30 *part.*

31 *(d) Upon their dissolution, any property taxes which would have*
32 *been allocated to redevelopment agencies pursuant to subdivision*
33 *(b) of Section 16 of Article XVI of the California Constitution shall*
34 *no longer be deemed tax increment within the meaning of the*
35 *Community Redevelopment Law. Instead, all such property taxes*
36 *shall be deemed property tax revenues within the meaning of*
37 *subdivision (a) of Section 1 of Article XIII A of the California*
38 *Constitution. Equivalent property tax revenues to those that would*
39 *have been allocated pursuant to subdivision (b) of Section 16 of*
40 *Article XVI of the California Constitution shall be allocated to the*

1 *Redevelopment Property Tax Trust Fund of each successor agency*
 2 *for making payments on the principal of and interest on loans, and*
 3 *moneys advanced to or indebtedness incurred by the dissolved*
 4 *redevelopment agencies. Property tax revenues in excess of those*
 5 *for payments on dissolved redevelopment agency indebtedness are*
 6 *deemed available for allocation in accordance with paragraph*
 7 *(3) of subdivision (a) of Section 25.5 of Article XIII of the*
 8 *California Constitution, the provisions of the act adding this part,*
 9 *and other applicable laws.*

10 *34173. (a) Successor agencies, as defined in this part, are*
 11 *hereby designated as successor entities to the former*
 12 *redevelopment agencies.*

13 *(b) Except for those provisions of the Community Redevelopment*
 14 *Law that are repealed, restricted, or revised pursuant to the act*
 15 *adding this part, all authority, rights, powers, duties, and*
 16 *obligations previously vested with the former redevelopment*
 17 *agencies, under the Community Redevelopment Law, are hereby*
 18 *vested in the successor agencies, but only to the extent necessary*
 19 *to effect the expeditious winddown of the affairs of the dissolved*
 20 *redevelopment agencies.*

21 *(c) (1) Where the redevelopment agency was in the form of a*
 22 *joint powers authority, and where the joint powers agreement*
 23 *governing the formation of the joint powers authority addresses*
 24 *the allocation of assets and liabilities upon dissolution of the joint*
 25 *powers authority, then each of the entities that created the former*
 26 *redevelopment agency may be a successor agency within the*
 27 *meaning of this part and each shall have a share of assets and*
 28 *liabilities based on the provisions of the joint powers agreement.*

29 *(2) Where the redevelopment agency was in the form of a joint*
 30 *powers authority, and where the joint powers agreement governing*
 31 *the formation of the joint powers authority does not address the*
 32 *allocation of assets and liabilities upon dissolution of the joint*
 33 *powers authority, then each of the entities that created the former*
 34 *redevelopment agency may be a successor agency within the*
 35 *meaning of this part, a proportionate share of the assets and*
 36 *liabilities shall be based on the assessed value in the project areas*
 37 *within each entity’s jurisdiction, as determined by the county*
 38 *assessor, in its jurisdiction as compared to the assessed value of*
 39 *land within the boundaries of the project areas of the former*
 40 *redevelopment agency.*

1 (d) (1) A city, county, city and county, or the entities forming
2 the joint powers authority that authorized the creation of each
3 redevelopment agency may elect not to serve as a successor agency
4 under this part. A city, county, city and county, or any member of
5 a joint powers authority that elects not to serve as a successor
6 agency under this part must file a copy of a duly authorized
7 resolution of its governing board to that effect with the county
8 auditor-controller no later than June 1, 2011.

9 (2) (A) If a city, county, city and county, or any member of a
10 joint powers authority that authorized the creation of the
11 redevelopment agency elects not to serve as a successor agency
12 under this part, it shall not receive any property tax allocation
13 from the funds disbursed from the Redevelopment Property Tax
14 Trust Fund pursuant to paragraph (5) of subdivision (a) and
15 paragraph (4) of subdivision (e) of Section 34183. Instead, that
16 share of property tax shall be allocated to the first local agency
17 in the county that elects to become the successor agency by
18 submitting to the county auditor-controller a duly adopted
19 resolution of its governing body to that effect.

20 (B) The determination of the first local agency that elects to
21 become the successor agency shall be made by the county
22 auditor-controller based on the earliest receipt by the county
23 auditor-controller of a copy of a duly adopted resolution of the
24 local agency's governing board authorizing such an election. As
25 used in this section, "local agency" means any city, county, city
26 and county, or special district in the county of the former
27 redevelopment agency.

28 (3) If no local agency elects to serve as a successor agency for
29 a dissolved redevelopment agency, a public body, referred to herein
30 as a "designated local authority" shall be immediately formed,
31 pursuant to this part, in the county and shall be vested with all the
32 powers and duties of a successor agency as described in this part.
33 The Governor shall appoint three residents of the county to serve
34 as the governing board of the authority. The designated local
35 authority shall serve as successor agency until a local agency
36 elects to become the successor agency in accordance with this
37 section.

38 (e) The liability of any successor agency, acting pursuant to the
39 powers granted under the act adding this part, shall be limited to
40 the extent of the total sum of property tax revenues it receives

1 *pursuant to this part and the value of assets transferred to it as a*
2 *successor agency for a dissolved redevelopment agency.*

3 *34174. (a) Solely for the purposes of Section 16 of Article XVI*
4 *of the California Constitution, commencing on the effective date*
5 *of this part, all agency loans, advances, or indebtedness, and*
6 *interest thereon, shall be deemed extinguished and paid; provided,*
7 *however, that nothing herein is intended to absolve the successor*
8 *agency of payment or other obligations due or imposed pursuant*
9 *to the enforceable obligations; and provided further, that nothing*
10 *in the act adding this part is intended to be construed as an action*
11 *or circumstance that may give rise to an event of default under*
12 *any of the documents governing the enforceable obligations.*

13 *(b) Nothing in this part, including, but not limited to, the*
14 *dissolution of the redevelopment agencies the designation of*
15 *successor agencies, and the transfer of redevelopment agency*
16 *assets and properties, shall be construed as a voluntary or*
17 *involuntary insolvency of any redevelopment agency for purposes*
18 *of the indenture, trust indenture, or similar document governing*
19 *its outstanding bonds.*

20 *34175. (a) It is the intent of this part that all enforceable*
21 *obligations that were entered into with a pledge of tax increment*
22 *by the former redevelopment agencies shall continue to have the*
23 *revenues in amounts equivalent to those that were pledged.*
24 *Property taxes no longer available to dissolved redevelopment*
25 *agencies, due to the operation of the act that added this part, are*
26 *deemed property tax revenues within the meaning of subdivision*
27 *(a) of Section 1 of Article XIII A of the California Constitution.*
28 *Property tax revenues in amounts equivalent to those that were*
29 *pledged to pay enforceable obligations are to be deposited into*
30 *the Redevelopment Obligation Retirement Fund pursuant to the*
31 *act adding this part. It is intended that the cessation of any*
32 *redevelopment agency shall not affect either the pledge, the legal*
33 *existence of that pledge, nor the stream of equivalent revenues*
34 *available to make good on that pledge.*

35 *(b) All assets, properties, contracts, leases, books and records,*
36 *buildings, and equipment of the former redevelopment agency are*
37 *transferred on July 1, 2011, to the control of the successor agency,*
38 *for administration pursuant to the provisions of this part. This*
39 *includes all cash or cash equivalents and amounts owed to the*
40 *redevelopment agency as of July 1, 2011.*

1 34176. (a) *The city, county, or city and county that authorized*
2 *the creation of a redevelopment agency may elect to retain the*
3 *housing assets and functions previously performed by the*
4 *redevelopment agency. If a city, county, or city and county elects*
5 *to retain the responsibility for performing housing functions*
6 *previously performed by a redevelopment agency, all rights,*
7 *powers, duties, and obligations, along with any amounts on deposit*
8 *in the Low and Moderate Income Housing Fund, shall be*
9 *transferred to the city, county, or city and county.*

10 (b) *If a city, county, or city and county does not elect to retain*
11 *the responsibility for performing housing functions previously*
12 *performed by a redevelopment agency, all rights, powers, assets,*
13 *liabilities, duties, and obligations associated with the housing*
14 *activities of the agency, along with any amounts in the Low and*
15 *Moderate Income Housing Fund, shall be transferred as follows:*

16 (1) *Where there is no local housing authority in the territorial*
17 *jurisdiction of the former redevelopment agency, to the Department*
18 *of Housing and Community Development.*

19 (2) *Where there is one local housing authority in the territorial*
20 *jurisdiction of the former redevelopment agency, to that local*
21 *housing authority.*

22 (3) *Where there is more than one local housing authority in the*
23 *territorial jurisdiction of the former redevelopment agency, to the*
24 *local housing authority selected by the city, county, or city and*
25 *county that authorized the creation of the redevelopment agency.*

26 (c) *Commencing on the effective date of this part, the entity*
27 *assuming the housing functions formerly performed by the*
28 *redevelopment agency may enforce affordability covenants and*
29 *perform related activities pursuant to applicable provisions of the*
30 *Community Redevelopment Law (Part 1 (commencing with Section*
31 *33000), including, but not limited to, Section 33418.*

32

33 *CHAPTER 3. SUCCESSOR AGENCIES*

34

35 34177. *Successor agencies are required to do all of the*
36 *following:*

37 (a) *Continue to make payments due for enforceable obligations.*

38 (1) *On and after July 1, 2011, and until a Recognizes Obligation*
39 *Payment Schedule becomes operative, only payments required*
40 *pursuant to an enforceable obligations payment schedule shall be*

1 *made. The initial enforceable obligation payment schedule shall*
 2 *be the last schedule adopted by the redevelopment agency under*
 3 *Section 34169. The enforceable obligation payment schedule may*
 4 *be amended by the successor agency at any public meeting and*
 5 *shall be subject to the approval of the oversight board as soon as*
 6 *the board has sufficient members to form a quorum.*

7 (2) *The Department of Finance and the Controller shall each*
 8 *have the authority to require any documents associated with the*
 9 *enforceable obligations to be provided to them in a manner of*
 10 *their choosing. Any taxing entity, the department, and the*
 11 *Controller shall each have standing to file a judicial action to*
 12 *prevent a violation under this part and to obtain injunctive or other*
 13 *appropriate relief.*

14 (3) *Commencing on January 1, 2012, only those payments listed*
 15 *in the Recognized Obligation Payment Schedule may be made by*
 16 *the successor agency from the funds specified in the Recognized*
 17 *Obligation Payment Schedule. In addition, commencing January*
 18 *1, 2012, the Recognized Obligation Payment Schedule shall*
 19 *supersede the Statement of Indebtedness, which shall no longer*
 20 *be prepared nor have any effect under the Community*
 21 *Redevelopment Law.*

22 (4) *Nothing in the act adding this part is to be construed as*
 23 *preventing a successor agency, with the prior approval of the*
 24 *oversight board, as described in Section 34179, from making*
 25 *payments for enforceable obligations from sources other than*
 26 *those listed in the Recognized Obligation Payment Schedule.*

27 (5) *From July 1, 2011, to July 1, 2012, a successor agency shall*
 28 *have no authority and is hereby prohibited from accelerating*
 29 *payment or making any lump sum payments that are intended to*
 30 *prepay loans unless such accelerated repayments were required*
 31 *prior to the effective date of this part.*

32 (b) *Maintain reserves in the amount required by indentures,*
 33 *trust indentures, or similar documents governing the issuance of*
 34 *outstanding redevelopment agency bonds.*

35 (c) *Perform obligations required pursuant to any enforceable*
 36 *obligation.*

37 (d) *Remit unencumbered balances of redevelopment agency*
 38 *funds to the county auditor-controller for distribution to the taxing*
 39 *entities. In making the distribution, the county auditor-controller*

1 shall utilize the same methodology for allocation and distribution
2 of property tax revenues provided in Section 34188.

3 (e) Dispose of assets and properties of the former redevelopment
4 agency as directed by the oversight board; provided, however,
5 that the oversight board may instead direct the successor agency
6 to transfer ownership of certain assets pursuant to subdivision (a)
7 of Section 34181. The disposal is to be done expeditiously and in
8 a manner aimed at maximizing value. Proceeds from asset sales
9 and related funds that are no longer needed for approved
10 development projects or to otherwise wind down the affairs of the
11 agency, each as determined by the oversight board, shall be
12 transferred to the county auditor-controller for distribution as
13 property tax proceeds under Section 34188.

14 (f) Negotiate compensation agreements with other taxing entities
15 for any retained development projects.

16 (g) Enforce all former redevelopment agency rights for the
17 benefit of the taxing entities, including, but not limited to,
18 continuing to collect loans, rents, and other revenues that were
19 due to the redevelopment agency.

20 (h) Effectuate transfer of housing functions and funds to the
21 appropriate entity designated pursuant to Section 34176.

22 (i) Expeditiously wind down the affairs of the redevelopment
23 agency pursuant to the provisions of this part and in accordance
24 with the direction of oversight board.

25 (j) Continue to oversee development activities for approved
26 development projects, including continuing to oversee development
27 of properties until the contracted work has been completed or the
28 contractual obligations of the former redevelopment agency can
29 be transferred to other parties. Bond proceeds shall be used for
30 the purposes for which bonds were sold unless the purposes can
31 no longer be achieved, in which case, the proceeds may be used
32 to defease the bonds.

33 (k) Prepare a proposed administrative budget and submit it to
34 the oversight board for its approval. The proposed administrative
35 budget shall include all of the following:

36 (1) Estimated amounts for successor agency administrative
37 costs for the upcoming six-month fiscal period.

38 (2) Proposed sources of payment for the costs identified in
39 paragraph (1).

1 (3) (A) *Proposals for arrangements for administrative and*
 2 *operations services provided by a city, county, city and county, or*
 3 *other entity.*
 4 (B) *Costs for staff employed by the city, county, or city and*
 5 *county to continue redevelopment activities associated with*
 6 *retained development projects shall be excluded from the*
 7 *administrative budget.*
 8 (l) *Provide administrative cost estimates, from its approved*
 9 *administrative budget that are to be paid from property tax*
 10 *revenues deposited in the Redevelopment Property Tax Trust Fund,*
 11 *to the county auditor-controller for each six-month fiscal period.*
 12 (m) (1) *Before each six-month fiscal period, prepare a*
 13 *Recognized Obligation Payment Schedule in accordance with the*
 14 *requirements of this paragraph. For each recognized obligation,*
 15 *the Recognized Obligation Payment Schedule shall identify one*
 16 *or more of the following sources of payment:*
 17 (A) *Low and Moderate Income Housing Fund.*
 18 (B) *Bond proceeds.*
 19 (C) *Reserve balances.*
 20 (D) *Administrative cost allowance.*
 21 (E) *The Redevelopment Property Tax Trust Fund, but only to*
 22 *the extent no other funding source is available or when payment*
 23 *from property tax revenues is required by an enforceable obligation*
 24 *or by the provisions of this part.*
 25 (F) *Other revenue sources, including rents, concessions, asset*
 26 *sale proceeds, interest earnings, and any other revenues derived*
 27 *from the former redevelopment agency, as approved by the*
 28 *oversight board in accordance with this part.*
 29 (2) *A Recognized Obligation Payment Schedule shall not be*
 30 *deemed valid unless all of the following conditions have been met:*
 31 (A) *A draft Recognized Obligation Payment Schedule is*
 32 *prepared by the successor agency for the enforceable obligations*
 33 *of the former redevelopment agency by November 1, 2011. From*
 34 *July 1, 2011, to July 1, 2012, the initial draft of that schedule shall*
 35 *project the dates and amounts of scheduled payments for each*
 36 *enforceable obligation for the remainder of the time period during*
 37 *which the redevelopment agency would have been authorized to*
 38 *obligate property tax increment had such a redevelopment agency*
 39 *not been dissolved, and shall be reviewed and certified, as to its*

1 accuracy, by an external auditor designated pursuant to Section
2 34182.

3 (B) The certified Recognized Obligation Payment Schedule is
4 submitted to and duly approved by the oversight board.

5 (C) A copy of the approved Recognized Obligation Payment
6 Schedule is submitted to the county auditor-controller and both
7 the Controller's office and the Department of Finance and be
8 posted on the successor agency Internet Web site.

9 (3) The Recognized Obligation Payment Schedule shall be
10 forward looking to the next six months. The first Recognized
11 Obligation Payment Schedule shall be submitted to the Controller's
12 office and the Department of Finance by December 15, 2011, for
13 the period of January 1, 2012, to June 30, 2012, inclusive. Former
14 redevelopment agency enforceable obligation payments due, and
15 reasonable or necessary administrative costs due or incurred,
16 prior to January 1, 2012, shall be made from property tax revenues
17 received in the spring of 2011 property tax distribution, and from
18 other revenues and balances transferred to the successor agency.

19 34178. (a) Commencing on the effective date of this part,
20 agreements, contracts, or arrangements between the city or county,
21 or city and county that created the redevelopment agency and the
22 redevelopment agency are invalid and shall not be binding on the
23 successor agency; provided, however, that a successor entity
24 wishing to enter or reenter into agreements with the city, county,
25 or city and county that formed the redevelopment agency that it
26 is succeeding may do so upon obtaining the approval of its
27 oversight board.

28 (b) Solely and only to the extent needed to fulfill an enforceable
29 obligation of the former redevelopment agency to provide financing
30 in connection with an approved development project, and subject
31 to the prior written approval of the oversight board, any successor
32 agency may pledge sufficient funds from the Recognized Obligation
33 Retirement Fund for the repayment of financing provided by a
34 state-conduit issuer that is authorized, under applicable law, to
35 provide such outside financing. Any determination made pursuant
36 to this subdivision shall be subject to approval pursuant to Section
37 34178.1.

38 34178.1. (a) The Controller, the Treasurer, and the Director
39 of Finance shall each review the actions of the oversight board,
40 where required by paragraph (2) of subdivision (c) of Section

1 34171 or subdivision (b) of Section 34178, and reach a
2 determination within 90 days of submission of a request for
3 approval by the oversight board, along with adequate supporting
4 documentation. If at least two of the three officials determine and
5 notify the Director of Finance that the oversight board action met
6 the requirements of paragraph (2) of subdivision (c) of Section
7 34171 or subdivision (b) of Section 34178, respectively, the
8 Director of Finance, within 10 business days of that determination,
9 shall notify the oversight board and the successor agency in writing
10 that its actions have been approved.

11 (b) No approval shall be made under this section unless the
12 Director of Finance finds with respect to the requesting successor
13 agency that the amount described in paragraph (1) is greater than
14 or equal to the amount described in paragraph (2):

15 (1) The amount calculated by the county auditor-controller
16 pursuant to paragraph (1) of subdivision (c) of Section 34182 with
17 respect to the former redevelopment agency succeeded by the
18 requesting successor agency for the 2011–12 fiscal year less
19 amounts paid from property tax revenues during the 2011–12 fiscal
20 year for enforceable obligations, passthrough amounts, and
21 administrative costs attributable to the requesting successor
22 agency.

23 (2) The proportionate share, as determined by the Director of
24 Finance, of the countywide amount to be deposited in the Public
25 Health and Safety Fund pursuant to subparagraph (A) of
26 paragraph (2) of subdivision (a) of Section 34183 that is
27 attributable to the requesting successor agency.

28 34178.5. (a) A city, county, or city and county that formerly
29 had a redevelopment agency and an active project area as of the
30 effective date of this part may elect to borrow a maximum of 2
31 percent of the total tax increment revenue that its former
32 redevelopment entity received during the 2009–10 fiscal year
33 pursuant to the provisions of this section. The 2-percent maximum
34 shall apply to all borrowing of funds made pursuant to this section.

35 (b) A city, county, or city and county shall borrow funds
36 pursuant to this section only for any of the following purposes:

37 (1) To avert the imminent danger of bankruptcy that is either
38 caused or substantially contributed to by the elimination of the
39 redevelopment agency.

1 (2) To mitigate the immediate impact of a significant and
2 substantial reduction of essential core public services occurring
3 because of the elimination of the redevelopment agency. For
4 purposes of this section, the term “core public services” includes,
5 but is not limited to, police, fire, and public health services
6 provided as of the effective date of this part.

7 (3) To meet an urgent need to fund a current project where the
8 local government faces damages, costs, or other financial harm
9 or injury by the delay of the activity that is necessary for the project
10 to progress. Borrowing by a local entity shall be without prejudice
11 as to whether the funds are being spent pursuant to an enforceable
12 obligation.

13 (c) A city, county, or city and county that meets the requirement
14 of subdivision (b) may borrow from low and moderate income
15 housing funds that were formerly administered by the
16 redevelopment agency that is or was within the boundaries of that
17 local entity. If the local entity is a county, it shall borrow funds
18 from the low and moderate income housing funds of the
19 county-created redevelopment agency that was within its
20 jurisdictional territory.

21 (d) In order to borrow any funds pursuant to this section, a city,
22 county, or city and county shall apply to the county
23 auditor-controller, citing one of the purposes specified in
24 paragraphs (1) to (3), inclusive, of subdivision (b) under which it
25 claims to qualify and provide substantiation for that assertion.
26 The city, county, or city and county shall submit information
27 regarding the loan amount and the repayment schedule, consistent
28 with this part, and agree that the loan be repaid from its future
29 property tax revenues in the event that it does not repay the loan
30 from another source on or before the scheduled repayment dates.
31 The auditor-controller shall approve any borrowing that meets
32 the requirements of this section and shall not unreasonably
33 withhold approval.

34 (e) Any borrowing of funds approved by the auditor-controller
35 shall be reported to the Department of Finance on or before
36 October 31, 2011.

37 (f) If the auditor-controller approves the request for borrowing
38 but there are insufficient low and moderate income housing funds
39 available to meet the amount, the city, county, or city and county
40 may receive an advance on its future allocation of property tax

1 *that is allocated from funds described in paragraph (5) of*
2 *subdivision (a) of Section 34183. If those funds are insufficient,*
3 *the remainder may be advanced from the county-wide allocation*
4 *made pursuant to paragraph (5) of subdivision (a) of Section*
5 *34183.*

6 *(g) All loan applications shall be submitted to the*
7 *auditor-controller on or before July 30, 2011, and the*
8 *auditor-controller shall act on applications by August 31, 2011.*

9

10 *CHAPTER 4. OVERSIGHT BOARDS*

11

12 *34179. (a) Each successor agency shall have an oversight*
13 *board composed of seven members. The members shall elect one*
14 *of their members as the chairperson and shall report the name of*
15 *the chairperson and other members to the Department of Finance*
16 *on or before August 1, 2011. Members shall be selected as follows:*

17 *(1) One member appointed by the county board of supervisors.*

18 *(2) One member appointed by the mayor for the city that formed*
19 *the redevelopment agency.*

20 *(3) One member appointed by the largest special district, by*
21 *property tax share, with territory in the territorial jurisdiction of*
22 *the former redevelopment agency, which is of the type of special*
23 *district that is eligible to receive property tax revenues pursuant*
24 *to Section 34188.*

25 *(4) One member appointed by the county superintendent of*
26 *education to represent schools if the superintendent is elected. If*
27 *the county superintendent of education is appointed, then the*
28 *appointment made pursuant to this paragraph shall be made by*
29 *the county board of education.*

30 *(5) One member appointed by the Chancellor of the California*
31 *Community Colleges to represent community college districts in*
32 *the county.*

33 *(6) One member of the public appointed by the county board of*
34 *supervisors.*

35 *(7) One member representing the employees of the former*
36 *redevelopment agency appointed by the mayor or chair of the*
37 *board of supervisors, as the case may be, from the recognized*
38 *employee organization representing the largest number of former*
39 *redevelopment agency employees employed by the successor*
40 *agency at that time.*

1 (8) If the county or a joint powers agency formed the
2 redevelopment agency, then the largest city by acreage in the
3 territorial jurisdiction of the former redevelopment agency may
4 select one member. If there are no cities with territory in a project
5 area of the redevelopment agency, the county superintendent of
6 education may appoint an additional member to represent the
7 public.

8 (9) If there are no special districts of the type that are eligible
9 to receive property tax pursuant to Section 34188, within the
10 territorial jurisdiction of the former redevelopment agency, then
11 the county may appoint one member to represent the public.

12 (10) Where a redevelopment agency was formed by an entity
13 that is both a charter city and a county, the oversight board shall
14 be composed of seven members selected as follows: three members
15 appointed by the mayor of the city, where such appointment is
16 subject to confirmation by the county board of supervisors, one
17 member appointed by the largest special district, by property tax
18 share, with territory in the territorial jurisdiction of the former
19 redevelopment agency, which is the type of special district that is
20 eligible to receive property tax revenues pursuant to Section 34188,
21 one member appointed by the county superintendent of education
22 to represent schools, one member appointed by the Chancellor of
23 the California Community Colleges to represent community college
24 districts, and one member representing employees of the former
25 redevelopment agency appointed by the mayor of the city where
26 such an appointment is subject to confirmation by the county board
27 or supervisors, to represent the largest number of former
28 redevelopment agency employees employed by the successor
29 agency at that time.

30 (b) The Governor may appoint individuals to fill any oversight
31 board member position described in subdivision (a) that has not
32 been filled by August 15, 2011, or any member position that
33 remains vacant for more than 60 days.

34 (c) The oversight board may direct the staff of the successor
35 agency to perform work in furtherance of the oversight board's
36 duties and responsibilities under this part. The successor agency
37 shall pay for all of the costs of meetings of the oversight board
38 and may include such costs in its administrative budget. Oversight
39 board members shall serve without compensation or reimbursement
40 for expenses.

1 (d) Oversight board members shall have personal immunity
2 from suit for their actions taken within the scope of their
3 responsibilities as oversight board members.

4 (e) A majority of the total membership of the oversight board
5 shall constitute a quorum for the transaction of business. A
6 majority vote of the total membership of the oversight board is
7 required for the oversight board to take action. The oversight
8 board shall be deemed to be a local entity for purposes of the Ralph
9 M. Brown Act, the California Public Records Act, and the Political
10 Reform Act of 1974.

11 (f) All notices required by law for proposed oversight board
12 actions shall also be posted on the successor agency's Internet
13 Web site or the oversight board's Web site.

14 (g) Each member of an oversight board shall serve at the
15 pleasure of the entity that appointed such member.

16 (h) The Department of Finance may review an oversight board
17 action taken pursuant to the act adding this part. As such, all
18 oversight board actions shall not be effective for 72 hours, pending
19 a request for review by the department. Each oversight board shall
20 designate an official to whom the department may make such
21 requests and who shall provide the department with the telephone
22 number and e-mail contact information for the purpose of
23 communicating with the department pursuant to this subdivision.
24 In the event that the department requests a review of a given
25 oversight board action, it shall have 10 days from the date of its
26 request to approve the oversight board action or return it to the
27 oversight board for reconsideration and such oversight board
28 action shall not be effective until approved by the department. In
29 the event that the department returns the oversight board action
30 to the oversight board for reconsideration, the oversight board
31 must resubmit the modified action for department approval and
32 the modified oversight board action shall not become effective
33 until approved by the department.

34 (i) Oversight boards shall have fiduciary responsibilities to
35 holders of enforceable obligations, the beneficiaries of the Public
36 Health and Safety Fund, and the taxing entities that benefit from
37 distributions of property tax and other revenues pursuant to Section
38 34188. Further, the provisions of Division 4 (commencing with
39 Section 1000) of the Government Code shall apply to oversight
40 boards. Notwithstanding Section 1099 of the Government Code,

1 *or any other law, any individual may simultaneously be appointed*
2 *to up to five oversight boards and may hold an office in a city,*
3 *county, city and county, special district, school district, or*
4 *community college district.*

5 *(j) Commencing on and after July 1, 2016, in each county where*
6 *more than one oversight board was created by operation of the*
7 *act adding this part, there shall be only one oversight board*
8 *appointed as follows:*

9 *(1) One member may be appointed by the county board of*
10 *supervisors.*

11 *(2) One member may be appointed by the city selection*
12 *committee established pursuant to Section 50270 of the*
13 *Government Code. In a city and county, the mayor may appoint*
14 *one member.*

15 *(3) One member may be appointed by the independent special*
16 *district selection committee established pursuant to Section 56332*
17 *of the Government Code, for the types of special districts that are*
18 *eligible to receive property tax revenues pursuant to Section 34188.*

19 *(4) One member may be appointed by the county superintendent*
20 *of education to represent schools if the superintendent is elected.*
21 *If the county superintendent of education is appointed, then the*
22 *appointment made pursuant to this paragraph shall be made by*
23 *the county board of education.*

24 *(5) One member may be appointed by the Chancellor of the*
25 *California Community Colleges to represent community college*
26 *districts in the county.*

27 *(6) One member of the public may be appointed by the county*
28 *board of supervisors.*

29 *(7) One member may be appointed by the recognized employee*
30 *organization representing the largest number of successor agency*
31 *employees in the county.*

32 *(k) The Governor may appoint individuals to fill any oversight*
33 *board member position describe in subdivision (j) that has not*
34 *been filled by July 15, 2016, or any member position that remains*
35 *vacant for more than 60 days.*

36 *(l) Commencing on and after July 1, 2016, in each county where*
37 *only one oversight board was created by operation of the act*
38 *adding this part, then there will be no change to the composition*
39 *of that oversight board as a result of the operation of subdivision*
40 *(b).*

1 (m) Any oversight board for a given successor agency shall
2 cease to exist when all of the indebtedness of the dissolved
3 redevelopment agency has been repaid.

4 34180. All of the following successor agency actions shall first
5 be approved by the oversight board:

6 (a) The establishment of new repayment terms for outstanding
7 loans where the terms have not been specified prior to the date of
8 this part.

9 (b) Refunding of outstanding bonds or other debt of the former
10 redevelopment agency by successor agencies in order to provide
11 for savings or to finance debt service spikes; provided, however,
12 that no additional debt is created and debt service is not
13 accelerated.

14 (c) Setting aside of amounts in reserves as required by
15 indentures, trust indentures, or similar documents governing the
16 issuance of outstanding redevelopment agency bonds.

17 (d) Merging of project areas.

18 (e) Continuing the acceptance of federal or state grants, or
19 other forms of financial assistance from either public or private
20 sources, where assistance is conditioned upon the provision of
21 matching funds, by the successor entity as successor to the former
22 redevelopment agency, in an amount greater than 5 percent.

23 (f) (1) For a city, county, or city and county acting under its
24 own auspices, approval to have certain projects be deemed retained
25 development projects under this part.

26 (2) If a city, county, or city and county wishes to retain any
27 properties or other assets for future redevelopment activities,
28 funded from its own funds and under its own auspices, it must
29 reach a compensation agreement with the other taxing entities to
30 provide payments to them in proportion to their shares of the base
31 property tax, as determined pursuant to Section 34188, for the
32 value of the property retained.

33 (3) If no other agreement is reached on valuation of the retained
34 assets, the value will be the fair market value as of the 2011
35 property tax lien date as determined by the county assessor.

36 (g) Establishment of the Recognized Obligation Payment
37 Schedule.

38 (h) A request by the successor agency to hold portions of the
39 moneys in the Low and Moderate Income Housing Fund in reserve
40 in order to provide cash to fund recognized obligations.

1 (i) A request by the successor agency to enter into an agreement
2 with the city, county, or city and county that formed the
3 redevelopment agency that it is succeeding.

4 (j) A request by a successor agency or taxing entity to pledge,
5 or to enter into an agreement for the pledge of, property tax
6 revenues pursuant to subdivision (b) of Section 34178.

7 34181. The oversight board shall direct the successor agency
8 to do all of the following:

9 (a) Dispose of all assets and properties of the former
10 redevelopment agency except for assets and properties deemed
11 part of approved development projects, which were funded by tax
12 increment revenues of the dissolved redevelopment agency;
13 provided, however, that the oversight board may instead direct
14 the successor agency to transfer ownership of those assets that
15 were constructed and used for a governmental purpose, such as
16 roads, school buildings, parks, and fire stations, to the appropriate
17 public jurisdiction pursuant to any existing agreements relating
18 to the construction or use of such an asset. Any compensation to
19 be provided to the successor agency for the transfer of the asset
20 shall be governed by the agreements relating to the construction
21 or use of that asset. Disposal shall be done expeditiously and in
22 a manner aimed at maximizing value.

23 (b) Cease performance in connection with and terminate all
24 existing agreements that do not qualify as enforceable obligations.

25 (c) Transfer housing responsibilities and all rights, powers,
26 duties, and obligations along with any amounts on deposit in the
27 Low and Moderate Income Housing Fund to the appropriate entity
28 pursuant to Section 34176.

29 (d) Negotiate compensation agreements with other taxing
30 entities for retained development projects.

31 (e) Terminate any agreement, between the dissolved
32 redevelopment agency and any public entity located in the same
33 county, obligating the redevelopment agency to provide funding
34 for any debt service obligations of the public entity or for the
35 construction, or operation of facilities owned or operated by such
36 public entity, in any instance where the oversight board has found
37 that early termination would be in the best interests of the taxing
38 entities.

39 (f) Determine whether any contracts, agreements, or other
40 arrangements between the dissolved redevelopment agency and

1 any private parties should be terminated or renegotiated to reduce
 2 liabilities and increase net revenues to the taxing entities, and
 3 present proposed termination or amendment agreements to the
 4 oversight board for its approval. The board may approve any
 5 amendments to or early termination of such agreements where it
 6 finds that amendments or early termination would be in the best
 7 interests of the taxing entities.

8 (g) Submit all repayment schedules for repayment of amounts
 9 borrowed from or deferred payments owing to the Low and
 10 Moderate Income Housing Fund of a redevelopment agency;
 11 provided, however, that the oversight board shall have no authority
 12 to approve a repayment schedule that would result in a reduction
 13 of the amounts transferred to the Public Health and Safety Fund.

14
 15 *CHAPTER 5. DUTIES OF THE AUDITOR-CONTROLLER*

16
 17 34182. (a) (1) The county auditor-controller shall conduct
 18 or cause to be conducted an agreed-upon procedures audit of each
 19 redevelopment agency in the county, to be completed by November
 20 1, 2011.

21 (2) The purpose of the audits shall be to establish each
 22 redevelopment agency's assets and liabilities, to document and
 23 determine each redevelopment agency's passthrough payment
 24 obligations to other taxing agencies, and to document and
 25 determine both the amount and the terms of any indebtedness
 26 incurred by the redevelopment agency and certify the initial
 27 Recognized Obligation Payment Schedule.

28 (3) The county auditor-controller may charge the Redevelopment
 29 Property Tax Trust Fund for any costs incurred by the county
 30 auditor-controller pursuant to this part.

31 (b) By November 15, 2011, the county auditor-controller shall
 32 provide the Controller's office a copy of all audits performed
 33 pursuant to this section. The county auditor-controller shall
 34 maintain a copy of all documentation and working papers for use
 35 by the Controller.

36 (c) (1) The county auditor-controller shall determine the amount
 37 of property taxes that would have been allocated to each
 38 redevelopment agency in the county had the redevelopment agency
 39 not been dissolved pursuant to the operation of the act adding this
 40 part. These amounts are deemed property tax revenues within the

1 *meaning of subdivision (a) of Section 1 of Article XIII A of the*
2 *California Constitution and are available for allocation and*
3 *distribution in accordance with the provisions of the act adding*
4 *this part. The county auditor-controller shall calculate the property*
5 *tax revenues using current assessed values on the last equalized*
6 *roll on August 20, pursuant to Section 2052 of the Revenue and*
7 *Taxation Code, and pursuant to statutory formulas or contractual*
8 *agreements with other taxing agencies, as of the effective date of*
9 *this section, and shall deposit that amount in the Redevelopment*
10 *Property Tax Trust Fund.*

11 (2) *Each county auditor-controller shall administer the*
12 *Redevelopment Property Tax Trust Fund for the benefit of the*
13 *holders of former redevelopment agency enforceable obligations,*
14 *the beneficiaries of the Public Health and Safety Fund, and the*
15 *taxing entities that receive passthrough payments and distributions*
16 *of property taxes pursuant to this part.*

17 (3) *In connection with the allocation and distribution by the*
18 *county auditor-controller of property tax revenues deposited in*
19 *the Redevelopment Property Tax Trust Fund, in compliance with*
20 *this part, the county auditor-controller shall prepare estimates of*
21 *amounts to be allocated and distributed, and provide those*
22 *estimates to both the entities receiving the distributions and the*
23 *Department of Finance, no later than November 1 and May 1 of*
24 *each year.*

25 (4) *Each county auditor-controller shall disburse proceeds of*
26 *asset sales or reserve balances, which have been received from*
27 *the successor entities pursuant to Sections 34177 and 34187, to*
28 *the taxing entities. In making such a distribution, the county*
29 *auditor-controller shall utilize the same methodology for allocation*
30 *and distribution of property tax revenues provided in Section*
31 *34188.*

32 (d) *By August 1, 2012, the county auditor-controller shall report*
33 *the following information to the Controller's office and the*
34 *Director of Finance:*

35 (1) *The sums of property tax revenues remitted to the*
36 *Redevelopment Property Tax Trust Fund related to each former*
37 *redevelopment agency.*

38 (2) *The sums of property tax revenues remitted to each agency*
39 *under paragraph (1) of subdivision (a) of Section 34183.*

1 (3) *The sums of property tax revenues remitted in each county*
2 *to the Public Health and Safety Fund.*

3 (4) *The sums of property tax revenues remitted to each successor*
4 *agency pursuant to paragraph (3) of subdivision (a) of Section*
5 *34183.*

6 (5) *The sums of property tax revenues paid to each successor*
7 *agency pursuant to paragraph (4) of subdivision (a) of Section*
8 *34183.*

9 (6) *The sums paid to each city, county, and special district, and*
10 *the total amount allocated for schools pursuant to paragraph (5)*
11 *of subdivision (a) of Section 34183.*

12 (7) *Any amounts deducted from other distributions pursuant to*
13 *subdivision (b) or (e) of Section 34183.*

14 (e) *A county auditor-controller may charge the Redevelopment*
15 *Property Tax Trust Fund for the costs of administering the*
16 *provisions of this part.*

17 (f) *The Controller may audit and review any county*
18 *auditor-controller action taken pursuant to the act adding this*
19 *part. As such, all county auditor-controller actions shall not be*
20 *effective for three business days, pending a request for review by*
21 *the Controller. In the event that the Controller requests a review*
22 *of a given county auditor-controller action, he or she shall have*
23 *10 days from the date of his or her request to approve the county*
24 *auditor-controller's action or return it to the county*
25 *auditor-controller for reconsideration and such county*
26 *auditor-controller action shall not be effective until approved by*
27 *the Controller. In the event that the Controller returns the county*
28 *auditor-controller's action to the county auditor-controller for*
29 *reconsideration, the county auditor-controller must resubmit the*
30 *modified action for Controller approval and such modified county*
31 *auditor-controller action shall not become effective until approved*
32 *by the Controller.*

33 34183. (a) *From July 1, 2011, to July 1, 2012, the county*
34 *auditor-controller shall, after deducting administrative costs*
35 *allowed under Section 34182 and Section 95.3 of the Revenue and*
36 *Taxation Code, allocate moneys in each Redevelopment Property*
37 *Tax Trust Fund as follows:*

38 (1) *Subject to any prior deductions required by subdivision (b),*
39 *first, the county auditor-controller shall remit from the*
40 *Redevelopment Property Tax Trust Fund to each local agency and*

1 school entity an amount of property tax revenues in an amount
2 equal to that which would have been received under Section 33670,
3 33401, 33492.140, 33607, 33607.5, 33607.7, or 33676, or pursuant
4 to any passthrough agreement between a redevelopment agency
5 and a taxing jurisdiction that was entered into prior to January
6 1, 1994, that would be in force from July 1, 2011, to July 1, 2012,
7 inclusive, had the redevelopment agency existed at that time. These
8 allocations shall occur no later than January 16, 2012, and no
9 later than June 1, 2012.

10 (2) (A) Subject to any prior deductions required by subdivision
11 (b), second, to the Public Health and Safety Fund. As a condition
12 of receipt of funds pursuant to this paragraph, and pursuant to
13 paragraph (5) of this subdivision and paragraph (4) of subdivision
14 (e), the county auditor-controller shall transfer grants of funds
15 from the Redevelopment Property Tax Trust Fund to the Public
16 Health and Safety Fund in an amount not to exceed one billion
17 seven hundred million dollars (\$1,700,000,000) on a statewide
18 basis specified by the Director of Finance. The director shall use
19 the 2008–09 Report of Financial Transactions of Redevelopment
20 Agencies to estimate an amount that may be available for the
21 Public Health and Safety Fund after needs for enforceable
22 obligations and passthrough amounts are taken into account. These
23 transfers shall occur on January 16, 2012, and June 1, 2012, or
24 any later date specified by Director of Finance.

25 (B) The county board of supervisors may elect that the county
26 will not provide a grant to the state pursuant to subparagraph (A)
27 and that its auditor-controller will not administer the Public Health
28 and Safety Fund. In the event that the county elects not to provide
29 such a grant to the state, there shall not be a transfer of funds
30 pursuant to subparagraph (A) of this paragraph, and it shall not
31 receive funds pursuant to paragraph (5) of this subdivision and
32 paragraph (4) of subdivision (e). In the event that the county elects
33 to provide grants, but not to have its auditor-controller administer
34 the Public Health and Safety Fund, it shall notify the Director of
35 Finance no later than September 1, 2011, whereupon the Director
36 of Finance shall designate another entity to perform the
37 administration functions. In this circumstance, all references
38 relating to the administration of the Public Health and Safety Fund
39 by the county auditor-controller for that county shall be construed
40 as references to the entity designated by the Director of Finance.

1 (C) If a county elects not to provide a grant to the Public Health
2 and Safety Fund pursuant to subparagraph (A) nor accept
3 responsibility for its administration, any other local agency that
4 receives property tax in the county may, by submitting a copy of
5 a duly adopted resolution of its governing board, elect to perform
6 such grants and perform those duties and that agency shall receive
7 the county share of any property tax allocable under paragraph
8 (5) of this subdivision and paragraph (4) of subdivision (e). In the
9 event of multiple submissions, the Director of Finance may
10 designate an entity from among those entities electing to be
11 responsible for the administration of the Public Health and Safety
12 Fund in that county.

13 (D) The grants made to the Public Health and Safety Fund
14 pursuant to subparagraph (A) may be adjusted by the Director of
15 Finance as additional information regarding the availability and
16 demands upon money in each Redevelopment Property Tax Trust
17 Fund becomes available. Funds in the Public Health and Safety
18 Fund shall be used in amounts and for those purposes as directed
19 by the Director of Finance, exclusively to reimburse the state for
20 the costs of providing health care and trial court services in the
21 county, until those moneys are exhausted. These transfers shall
22 occur no later than 15 days after the Department of Finance
23 provides the information necessary for the payment.

24 (E) Entities of state government, including the Administrative
25 Office of the Courts, that are responsible for the functions funded
26 with moneys granted pursuant to subparagraph (A) shall keep
27 records, as required by the Department of Finance, of expenditures
28 made in the county and shall provide to the Department of Finance
29 any information required by the Department of Finance with
30 respect to those expenditures.

31 (F) In accordance with paragraph (3) of subdivision (m) of
32 Section 34177, for enforceable obligation payments due prior to
33 January 1, 2012, payments shall be made from property tax
34 revenues received in the spring of 2011 property tax distribution
35 and from balances transferred to the successor agency.

36 (3) Third, on January 16, 2012, and June 1, 2012, to each
37 successor agency for payments listed in its Recognized Obligation
38 Payment Schedule for the six-month fiscal period beginning
39 January 1, 2012, or July 1, 2012, in the following order of priority:

1 (A) Debt service payments scheduled to be made for tax
2 allocation bonds.

3 (B) Payments scheduled to be made on revenue bonds, but only
4 to the extent the revenues pledged for them are insufficient to make
5 the payments and only where the agency's tax increment revenues
6 were also pledged for the repayment of the bonds.

7 (C) Payments scheduled for other debts and obligations listed
8 in the Recognized Obligation Payment Schedule that are required
9 to be paid from former tax increment revenue.

10 (4) Fourth, on January 16, 2012, and June 1, 2012, to each
11 successor agency for the administrative cost allowance, as defined
12 in Section 34171, for administrative costs set forth in an approved
13 administrative budget for those payments required to be paid from
14 former tax increment revenues.

15 (5) Fifth, on January 16, 2012, and June 1, 2012, any moneys
16 remaining in the Redevelopment Property Tax Trust Fund after
17 the payments and transfers authorized by paragraphs (1) to (4),
18 inclusive, shall be distributed to local agencies and school entities
19 in accordance with Section 34188. If a successor agency is other
20 than the agency that formed a redevelopment agency, the share
21 that would have been allocated to that agency shall instead be
22 allocated to the agency that is the successor agency. If a local
23 agency other than the county auditor-controller has accepted
24 responsibility for administering the Public Health and Safety Fund
25 in a county, the county share shall be allocated to that local
26 agency.

27 (b) If the successor agency reports, no later than December 1,
28 2011, and May 1, 2012, to the county auditor-controller that the
29 total amount available to the successor agency from the
30 Redevelopment Property Tax Trust Fund allocation to that
31 successor agency's Redevelopment Obligation Retirement Fund,
32 from other funds transferred from the each redevelopment agency,
33 and from funds that have or will become available through asset
34 sales and all redevelopment operations, are insufficient to fund
35 the payments required by paragraphs (1) to (4), inclusive, of
36 subdivision (a) in the next six-month fiscal period, the county
37 auditor-controller shall notify the Controller and the Department
38 of Finance no later than December 10, 2011, and May 10, 2012.
39 The county auditor-controller shall verify whether the successor
40 agency will have sufficient funds from which to service debts

1 according to the Recognized Obligation Payment Schedule and
2 shall report the findings to the Controller. If the Controller concurs
3 that there are insufficient funds to pay required debt service, the
4 amount of the deficiency shall be deducted first from the amount
5 remaining to be distributed to taxing entities pursuant to paragraph
6 (5), and if that amount is exhausted, from amounts available for
7 distribution for administrative costs in paragraph (4) and third
8 from amounts available for allocation to the Public Health and
9 Safety Fund. If an agency, pursuant to the provisions of Section
10 33492.15, 33492.72, 33607.5, 33671.5, 33681.15 or 33688, made
11 passthrough payment obligations subordinate to debt service
12 payments required for enforceable obligations, funds for servicing
13 bond debt may be deducted from the amounts for passthrough
14 payments under paragraph (1), as provided in those sections, but
15 only to the extent that the amounts remaining to be distributed to
16 taxing entities pursuant to paragraph (5), the amounts available
17 for distribution for administrative costs in paragraph (4), and the
18 amounts available for allocation to the Public Health and Safety
19 Fund have all been exhausted.

20 (c) The county treasurer may loan any funds from the county
21 treasury that are necessary to ensure prompt payments of
22 redevelopment agency debts.

23 (d) The Controller may recover the costs of audit and oversight
24 required under this part from the Redevelopment Property Tax
25 Trust Fund by presenting an invoice therefor to the county
26 auditor-controller who shall set aside sufficient funds for and
27 disburse the claimed amounts prior to making the next distributions
28 to the taxing jurisdictions pursuant to Section 34188. Subject to
29 the approval of the Director of Finance, the budget of the
30 Controller may be augmented to reflect the reimbursement,
31 pursuant to Section 28.00 of the Budget Act.

32 (e) For fiscal years 2012–13 and following, the county
33 auditor-controller shall, after deducting administrative costs
34 allowed under Section 34182 and Section 95.3 of the Revenue and
35 Taxation Code, allocate moneys in each Redevelopment Property
36 Tax Trust Fund as follows:

37 (1) Subject to any prior deductions required by subdivision (f),
38 first, the county auditor-controller shall remit from the
39 Redevelopment Property Tax Trust Fund to each local agency and
40 school entity an amount of property tax equal to what would have

1 *been received by that district, using current assessed values, under*
2 *Sections 33670, 33401, 33492.140, 33607, 33607.5, 33607.7, and*
3 *33676, as those sections read on January 1, 2011, or pursuant to*
4 *any passthrough agreement between a redevelopment agency and*
5 *a taxing jurisdiction that was entered into prior to January 1,*
6 *1994, that would be in force in that fiscal year, had the*
7 *redevelopment agency legally existed at that time. These*
8 *allocations shall occur no later than January 16 and no later June*
9 *1, respectively.*

10 *(2) Second, on June 1 and January 16, to each successor agency*
11 *for payments listed in its Recognized Obligation Payment Schedule*
12 *for the six-month fiscal period beginning on the next July 1 or*
13 *January 1, in the following order of priority:*

14 *(A) Debt service payments scheduled to be made for tax*
15 *allocation bonds.*

16 *(B) Payments scheduled to be made on revenue bonds, but only*
17 *to the extent the revenues pledged for them are insufficient to make*
18 *the payments and the agency's tax increment revenues were also*
19 *pledged.*

20 *(C) Payments scheduled for other debts and obligations listed*
21 *in the Recognized Obligation Payment Schedule.*

22 *(3) Third, on June 1 and January 16, to each successor agency*
23 *for administrative costs, provided that no more than 3 percent of*
24 *the amount provided pursuant to paragraph (2) may be allocated.*

25 *(4) Fourth, on June 1 and January 16, any moneys remaining*
26 *in the Redevelopment Tax Trust Fund after the payments and*
27 *transfers authorized by the preceding paragraphs shall be*
28 *distributed to local agencies and schools pursuant to Section*
29 *34188. If a successor agency is other than the agency that formed*
30 *a redevelopment agency, the share that would have been allocated*
31 *to that agency shall instead be allocated to the agency that is the*
32 *successor agency. If a local agency other than the county*
33 *auditor-controller has accepted responsibility for administering*
34 *the Public Health and Safety Fund in a county, the county share*
35 *shall be allocated to that local agency.*

36 *(f) After July 1, 2012, if the successor agency reports to the*
37 *county auditor-controller, no later than December 1 or May 1 that*
38 *the total amount available to the successor agency from the*
39 *Redevelopment Property Tax Trust Fund allocation to that*
40 *successor agency's Redevelopment Obligation Retirement Fund,*

1 from other funds transferred from each redevelopment agency,
2 and from funds that have or will become available through asset
3 sales and all redevelopment operations is insufficient to fund the
4 payments required by this section in the next six-month fiscal
5 period, the county auditor-controller shall notify the Controller
6 and the Department of Finance no later than 10 days from the
7 date of that notification. The county auditor shall verify whether
8 the successor agency will have sufficient funds from which to
9 service debts according to the schedule and shall report the
10 findings to the Controller. If the Controller concurs that there are
11 insufficient funds to pay required debt service, the amount of the
12 deficiency shall be deducted first from the amount remaining to
13 be distributed to taxing entities pursuant to paragraph (4) of
14 subdivision (e), and if that amount is exhausted, from amounts
15 available for distribution for administrative costs in paragraph
16 (3) of subdivision (e). If an agency, pursuant to the provisions of
17 Section 33492.15, 33492.72, 33607.5, 33671.5, 33681.15, or
18 33688, made passthrough payment obligations subordinate to debt
19 service payments required for enforceable obligations, funds for
20 servicing bond debt may be deducted from the amounts for
21 passthrough payments under paragraph (1), as provided under
22 those sections, if the amounts remaining to be distributed to taxing
23 entities pursuant to paragraph (4) of subdivision (e) and the
24 amounts available for distribution for administrative costs in
25 paragraph (3) of subdivision (e) have all been exhausted.

26 34185. Commencing on January 16, 2012, and on each January
27 16 and June 1 thereafter, the county auditor-controller shall
28 transfer, from the Redevelopment Property Tax Trust Fund of each
29 successor agency into the Redevelopment Obligation Retirement
30 Fund of that agency, an amount of property tax revenues equal to
31 that specified in the Recognized Obligation Payment Schedule for
32 that successor agency as payable from the Redevelopment Property
33 Tax Trust Fund subject to the limitations of Sections 34173 and
34 34183.

35 34186. Differences between actual payments and past estimated
36 obligations on recognized obligation payment schedules must be
37 reported in subsequent recognized obligation payment schedules
38 and shall adjust the amount to be transferred to the Redevelopment
39 Obligation Retirement Fund pursuant to this part. These estimates

1 *and accounts shall be subject to audit by county auditor-controllers*
2 *and the Controller.*

3 *34187. Commencing January 1, 2012, whenever a recognized*
4 *obligation that had been identified in the Recognized Payment*
5 *Obligation Schedule is paid off or retired, either through early*
6 *payment or payment at maturity, the county auditor-controller*
7 *shall distribute to the taxing entities, in accordance with the*
8 *provisions of the Revenue and Taxation Code, all property tax*
9 *revenues that were associated with the payment of the recognized*
10 *obligation.*

11 *34188. For all distributions of property tax revenues and other*
12 *moneys pursuant to this part, the distribution to each taxing entity*
13 *shall be in an amount proportionate to its share of property tax*
14 *revenues in the tax rate area in that fiscal year, except as follows:*

15 *(a) (1) For distributions from the Redevelopment Property Tax*
16 *Trust Fund, the share of each taxing entity shall be applied to the*
17 *amount of property tax available in the Redevelopment Property*
18 *Tax Trust Fund after deducting the amount of any distributions*
19 *under paragraphs (1) to (4), inclusive, of subdivision (a) of Section*
20 *34183 or paragraphs (2) and (3) of subdivision (e) of Section*
21 *34183, as applicable.*

22 *(2) For each taxing entity, the amounts of any passthrough*
23 *payments under paragraph (1) of subdivision (e) of Section 34183*
24 *that it has received, shall be deducted from the amount determined*
25 *in paragraph (1). For the 2012–13 fiscal year and following, total*
26 *school passthrough payments in each county shall be deducted*
27 *from the schools' share pursuant to subdivisions (e) and (f).*

28 *(b) The county shall additionally receive any sums that would*
29 *otherwise have been provided to enterprise special districts, but*
30 *for the operation of this part; provided, however, that those*
31 *districts described in paragraph (2) of subdivision (c) of Section*
32 *97.3 of the Revenue and Taxation Code shall not be considered to*
33 *be enterprise districts for purposes of this part.*

34 *(c) Special districts that have both enterprise and nonenterprise*
35 *functions shall receive a prorated share proportionate to the*
36 *special district's overall share of the countywide property tax that*
37 *is received for its nonenterprise functions.*

38 *(d) Property tax shares of local agencies shall be determined*
39 *based on property tax allocation laws in effect on the date of*
40 *distribution, without the revenue exchange amounts allocated*

1 pursuant to Section 97.68 of the Revenue and Taxation Code, and
 2 without the property taxes allocated pursuant to Section 97.70 of
 3 the Revenue and Taxation Code.

4 (e) The total school share, including passthroughs, shall be the
 5 share of the property taxes that would have been received by school
 6 entities in the jurisdictional territory of the former redevelopment
 7 agency, including, but not limited to, the amounts specified in
 8 Sections 97.68 and 97.70 of the Revenue and Taxation Code.

9 (f) Distribution of the share to school entities will be made
 10 pursuant to Section 100.96 of the Revenue and Taxation Code.

11

12 *CHAPTER 6. EFFECT OF THE ACT ADDING THIS PART ON THE*
 13 *COMMUNITY REDEVELOPMENT LAW*

14

15 34189. (a) Commencing on the effective date of this part, all
 16 provisions of the Community Redevelopment Law that depend on
 17 the allocation of tax increment to redevelopment agencies,
 18 including, but not limited to, subdivision (b) of Section 33670,
 19 shall be inoperative.

20 (b) The California Law Revision Commission shall draft a
 21 Community Redevelopment Law cleanup bill for consideration by
 22 the Legislature no later than January 1, 2013.

23 (c) To the extent that a provision of Part 1 (commencing with
 24 Section 33000), Part 1.5 (commencing with Section 34000), Part
 25 1.6 (commencing with Section 34050), and Part 1.7 (commencing
 26 with Section 34100) conflicts with this part, the provisions of this
 27 part shall control. Further, if a provision of Part 1 (commencing
 28 with Section 33000), Part 1.5 (commencing with Section 34000),
 29 Part 1.6 (commencing with Section 34050), or Part 1.7
 30 (commencing with Section 34100) provides an authority that the
 31 act adding this part is restricting or eliminating, the restriction
 32 and elimination provisions of the act adding this part shall control.

33 (d) It is intended that the provisions of this part shall be read
 34 in a manner as to avoid duplication of payments.

35 (e) Nothing in this part prohibits, regulates, restricts or
 36 otherwise affects the authority of a city, county, or city and county
 37 to establish an infrastructure financing district and exercise powers
 38 pursuant to Chapter 2.8 (commencing with Section 53395) of Part
 39 1 of Division 1 of the Government Code.

1 *responsibilities required under existing collective bargaining*
2 *enforcement procedures and therefore the costs incurred by the*
3 *local agency employer representatives in performing those duties*
4 *and responsibilities under the act adding this part are not*
5 *reimbursable as state-mandated costs. Furthermore, the*
6 *Legislature also finds and declares that to the extent the act adding*
7 *this part provides the funding with which to accomplish the*
8 *obligations provided herein, the costs incurred by the local agency*
9 *employer representatives in performing those duties and*
10 *responsibilities under the act adding this part are not reimbursable*
11 *as state-mandated costs.*

12 *(g) The transferred memorandum of understanding and the right*
13 *of any employee organization representing such employees to*
14 *provide representation shall continue as long as the memorandum*
15 *of understanding would have been in force, pursuant to its own*
16 *terms. One or more separate bargaining units shall be created in*
17 *the successor agency consistent with the bargaining units that had*
18 *been established in the redevelopment agency. After the expiration*
19 *of the transferred memorandum of understanding, the successor*
20 *agency shall continue to be subject to the provisions of the*
21 *Meyers-Milias-Brown Act.*

22 *(h) Individuals formerly employed by redevelopment agencies*
23 *that are subsequently employed by successor agencies shall, for*
24 *a minimum of two years, transfer their status and classification in*
25 *the civil service system of the redevelopment agency to the*
26 *successor agency and shall not be required to requalify to perform*
27 *the duties that they previously performed or duties substantially*
28 *similar in nature and in required qualification to those that they*
29 *previously performed. Any such individuals shall have the right*
30 *to compete for employment under the civil service system of the*
31 *successor agency.*

32 *SEC. 10. Section 97.401 is added to the Revenue and Taxation*
33 *Code, to read:*

34 *97.401. Commencing July 1, 2011, the county auditor shall*
35 *make the calculations required by Section 97.4 base on the amount*
36 *deposited on behalf of each former redevelopment agency into the*
37 *Redevelopment Property Tax Trust Fund pursuant to paragraph*
38 *(1) of subdivision (c) of Section 34182 of the Health and Safety*
39 *Code. The calculations required by Section 97.4 shall result in*
40 *cities, counties, and special districts annually remitting to the*

1 *Educational Revenue Augmentation Fund the same amounts they*
2 *would have remitted but for the operation of Part 1.8 (commencing*
3 *with Section 34161) and Part 1.85 (commencing with Section*
4 *34170) of Division 24 of the Health and Safety Code.*

5 *SEC. 11. Section 98.2 is added to the Revenue and Taxation*
6 *Code, to read:*

7 *98.2. For the 2011–12 fiscal year, and each fiscal year*
8 *thereafter, the computations provided for in Sections 98 and 98.1*
9 *shall be performed in a manner which recognizes that passthrough*
10 *payments formerly required under the Community Redevelopment*
11 *Law (Part 1 (commencing with Section 33000) of Division 24 of*
12 *the Health and Safety Code) are continuing to be made under the*
13 *authority of Part 1.85 (commencing with Section 34170) of Division*
14 *24 of the Health and Safety Code and those payments shall be*
15 *recognized in the TEA calculations as though they were made*
16 *under the Community Redevelopment Law. Additionally, the*
17 *computations provided for in Sections 98 and 98.1 shall be*
18 *performed in a manner that recognizes payments to a*
19 *Redevelopment Property Tax Fund, established pursuant to Section*
20 *34170.5 of the Health and Safety Code as if they were payments*
21 *to a redevelopment agency as provided in subdivision (b) of Section*
22 *33670 of the Health and Safety Code.*

23 *SEC. 12. Chapter 7 (commencing with Section 100.96) is added*
24 *to Part 0.5 of Division 1 of the Revenue and Taxation Code, to*
25 *read:*

26
27 *CHAPTER 7. ADDITIONAL PROPERTY TAX REVENUES*
28 *ALLOCATION FOR EDUCATION*
29

30 *100.96. (a) For each fiscal year in which property tax and*
31 *other moneys are available in a county to be distributed to schools*
32 *pursuant to paragraph (4) of subdivision (e) of Section 34183 or*
33 *Section 34177 of the Health and Safety Code, each county auditor*
34 *shall allocate 89 percent of these moneys to all school districts,*
35 *county offices of education, and charter schools within the county*
36 *and 11 percent of these moneys to all community college districts*
37 *within the county. An equal amount per pupil in attendance shall*
38 *be distributed to all school districts, county offices of education,*
39 *and charter schools, and an equal amount per full-time equivalent*

1 student in attendance shall be distributed to all community college
2 districts.

3 (b) The Superintendent of Public Instruction shall certify the
4 average daily attendance of the advance apportionment of state
5 aid in the then current fiscal year as the attendance of each school
6 district, county office of education, and charter school for purposes
7 of this section. The Superintendent of Public Instruction shall
8 certify the appropriate counts of average daily attendance to each
9 county auditor no later than September 15 of each applicable fiscal
10 year. The Chancellor of the California Community Colleges shall
11 certify the full-time equivalent students in attendance at each
12 community college district in each county that is used for
13 apportioning state aid as of September of each year to the county
14 auditor no later than September 15 for purposes of this section.

15 (c) The moneys allocated to school districts, county offices of
16 education, charter schools, and community college districts each
17 year pursuant to this section may be used for any educational
18 purpose.

19 (d) With respect to the amounts computed pursuant to paragraph
20 (6) of subdivision (h) of Section 42238 of, and subdivision (d) of
21 Section 84751 of, the Education Code, which are not considered
22 to be property taxes, from July 1, 2011, to July 1, 2016, inclusive,
23 the amounts that may be expended for educational facilities may
24 be expended for land acquisition, facility construction, remodeling,
25 maintenance, or deferred maintenance.

26 (e) In fiscal years on and after the 2012–13 fiscal year, the total
27 amount paid each year pursuant to this section to school districts,
28 county offices of education, charter schools, and community college
29 districts shall not be considered to be property taxes for the
30 purposes of Section 2558, paragraph (1) of subdivision (h) of
31 Section 42238, and Section 84751 of the Education Code. In fiscal
32 years on and after the 2012–13 fiscal year, notwithstanding any
33 other law, funding provided to local education agencies pursuant
34 to this section shall not be considered allocated local proceeds of
35 taxes for purposes of Section 8 of Article XVI of the California
36 Constitution.

37 (f) For the 2011–12 fiscal year, the amount of moneys that are
38 available to be distributed to schools pursuant to subdivision (e)
39 of Section 34183 of the Health and Safety Code shall be deposited

1 *in the Educational Revenue Augmentation Fund in each county*
2 *and allocated pursuant to paragraphs (1) and (2).*

3 *(1) The county auditor shall, after other allocations from the*
4 *Educational Revenue Augmentation Fund have been made, based*
5 *on information provided by the county superintendent of schools*
6 *pursuant to this paragraph, allocate the proportion of the*
7 *Educational Revenue Augmentation Fund to those school districts*
8 *and county offices of education within the county that are not*
9 *excess tax school entities, as defined in subdivision (n) of Section*
10 *95. The county superintendent of schools shall determine the*
11 *amount to be allocated to each school district and county office*
12 *of education in inverse proportion to the amounts of property tax*
13 *revenue per average daily attendance in each school district and*
14 *county office of education. In no event shall any additional money*
15 *be allocated from the fund to a school district or county office of*
16 *education upon that school district or county office of education*
17 *becoming an excess tax school entity.*

18 *(2) If, after making the allocation required pursuant to*
19 *paragraph (1), the auditor determines that there are still additional*
20 *funds to be allocated, the auditor shall allocate those excess funds*
21 *to the county office of education for special education. Funds*
22 *allocated pursuant to this paragraph shall be counted as property*
23 *tax revenues for special education programs in augmentation of*
24 *the amount calculated pursuant to Section 2572 of the Education*
25 *Code and shall offset state aid for county offices of education and*
26 *school districts within the county pursuant to subdivision (c) of*
27 *Section 56836.08 of the Education Code.*

28 *SEC. 13. The sum of five hundred thousand dollars (\$500,000)*
29 *is hereby appropriated to the Department of Finance from the*
30 *General Fund for allocation to the Treasurer, Controller, and*
31 *Department of Finance for administrative costs associated with*
32 *this act. The department shall notify the Joint Legislative Budget*
33 *Committee and the fiscal committees in each house of any*
34 *allocations under this section no later than 10 days following that*
35 *allocation.*

36 *SEC. 14. If any provision of this act or the application thereof*
37 *to any person or circumstance is held invalid, the invalidity shall*
38 *not affect other provisions or applications of this act which can*
39 *be given effect without the invalid provision or application, and*
40 *to this end, the provisions of this act are severable.*

1 *SEC. 15. No reimbursement is required by this act pursuant*
2 *to Section 6 of Article XIII B of the California Constitution because*
3 *a local agency or school district has the authority to levy service*
4 *charges, fees, or assessments sufficient to pay for the program or*
5 *level of service mandated by this act, within the meaning of Section*
6 *17556 of the Government Code.*

7 *SEC. 16. This act is a bill providing for appropriations related*
8 *to the Budget Bill within the meaning of subdivision (e) of Section*
9 *12 of Article IV of the California Constitution, has been identified*
10 *as related to the budget in the Budget Bill, and shall take effect*
11 *immediately.*

12 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
13 ~~changes relating to the Budget Act of 2011.~~