

AMENDED IN ASSEMBLY AUGUST 6, 2012

AMENDED IN ASSEMBLY JUNE 18, 2012

AMENDED IN ASSEMBLY JUNE 21, 2011

AMENDED IN SENATE APRIL 25, 2011

**SENATE BILL**

**No. 214**

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**Introduced by Senator Wolk**

(Coauthor: Assembly Member Williams)

February 8, 2011

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An act to amend Sections 53395, 53395.1, 53395.2, 53395.3, 53395.4, 53395.5, 53395.6, 53395.7, 53395.10, 53395.11, 53395.12, 53395.13, 53395.14, 53395.16, 53395.17, 53395.19, 53395.20, 53396, 53397.1, and 53397.2 of, to repeal ~~Sections 53395.22~~, *Sections 53395.22*, 53395.23, 53395.24, 53395.25, 53397.4, 53397.5, 53397.6, and 53397.7 of, and to repeal and add Section 53395.21 ~~to~~ *of*, the Government Code, relating to infrastructure financing districts.

LEGISLATIVE COUNSEL'S DIGEST

SB 214, as amended, Wolk. Infrastructure financing districts: voter approval: repeal.

(1) Existing law authorizes a legislative body, as defined, to create an infrastructure financing district, adopt an infrastructure financing plan, and issue bonds, for which only the district is liable, to finance specified public facilities, upon voter approval. Existing law authorizes an infrastructure financing district to fund infrastructure projects through tax increment financing, pursuant to the infrastructure financing plan and agreement of affected taxing entities, as defined.

This bill would revise and recast the provisions governing infrastructure financing districts. The bill would eliminate the

requirement of voter approval for creation of the district and for bond issuance and authorize the legislative body to create the district, subject to specified procedures. The bill would instead authorize a newly created public financing authority, consisting of *5 members, 3 of whom are members of the city council or board of supervisors that established the district, and 2 of whom are members of the public*, to adopt the infrastructure financing plan, subject to approval by the legislative body, and issue bonds by majority vote of the authority by resolution. The bill would authorize a public financing authority to enter into joint powers agreements with affected taxing entities with regard to nontaxing authority or powers only. The bill would authorize a district to finance specified actions and projects and prohibit the district from providing financial assistance to a vehicle dealer or big box retailer, as defined. The bill would create a public accountability committee, as specified, to review the actions of the public financing authority.

(2) Existing law requires that an infrastructure financing plan created by a legislative body include a date on which the district will cease to exist, which shall not be more than 30 years from the date on which the ordinance forming the district is adopted.

This bill instead would specify that the date on which the district would cease to exist would not be more than 40 years from the date on which the public financing authority adopted the resolution adopting the infrastructure financing plan. The bill would also impose additional reporting requirements after the adoption of an infrastructure financing plan.

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

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

1 SECTION 1. Section 53395 of the Government Code is  
2 amended to read:  
3 53395. (a) The Legislature finds and declares that the state  
4 and federal governments have withdrawn in whole or in part from  
5 their former role in financing infrastructure, including highways  
6 and interchanges, sewage treatment and water reclamation works,  
7 water supply and treatment works, flood control and drainage  
8 works, schools, libraries, parks, parking facilities, open space, and  
9 seismic retrofit and rehabilitation of public facilities.

1 (b) The Legislature further finds and declares that the methods  
2 available to local agencies to finance public works often place an  
3 undue and unfair burden on buyers of new homes, especially for  
4 public works that benefit the broader community.

5 (c) The Legislature further finds and declares that the absence  
6 of practical and equitable methods for financing public works leads  
7 to a declining standard of public works, a reduced quality of life  
8 and decreased safety for affected citizens, increased objection to  
9 otherwise desirable development, and excessive costs for  
10 homebuyers.

11 (d) The Legislature further finds and declares that because  
12 California’s disadvantaged communities, as defined in Section  
13 75005 of the Public Resources Code, may not be beneficiaries of  
14 quality public works, these communities are neglected and, thus,  
15 isolated from and deprived of the basic facilities needed for public  
16 health and safety.

17 (e) The Legislature further finds and declares that it is equitable  
18 and in the public interest to provide alternative procedures for  
19 financing public works and services needed to meet the needs of  
20 new housing, disadvantaged communities, and other development  
21 projects.

22 (f) The Legislature further finds and declares that it is in the  
23 public interest to develop a mechanism that allows public agencies  
24 to jointly dedicate their revenues to projects that support sustainable  
25 communities.

26 (g) *The Legislature further finds and declares that infrastructure*  
27 *financing districts implement and fulfill the intent of Article 2*  
28 *(commencing with Section 53395.10) and of Article XIII B of the*  
29 *California Constitution and is consistent with the conclusion of*  
30 *California courts that tax increment revenues are not “proceeds*  
31 *of taxes” for purposes of Article XIII B of the California*  
32 *Constitution. The allocation and payment to a district of the portion*  
33 *of taxes specified in this section for the purpose of paying principal*  
34 *of, or interest on, loans, advances, or indebtedness incurred for*  
35 *facilities or the cost of acquisition and construction of facilities*  
36 *under this section shall not be deemed the receipt by a district of*  
37 *proceeds of taxes levied by or on behalf of the district within the*  
38 *meaning or for the purposes of Article XIII B of the California*  
39 *Constitution, nor shall this portion of taxes be deemed receipt of*  
40 *proceeds of taxes by, or an appropriation subject to limitation of,*

1 *any other public body within the meaning or for the purposes of*  
 2 *Article XIII B of the California Constitution or any statutory*  
 3 *provision enacted in the implementation of Article XIII B of the*  
 4 *California Constitution. The allocation and payment to a district*  
 5 *of this portion of taxes shall not be deemed the appropriation by*  
 6 *a district of proceeds of taxes levied by or on behalf of a district*  
 7 *within the meaning or for the purposes of Article XIII B of the*  
 8 *California Constitution.*

9 SEC. 2. Section 53395.1 of the Government Code is amended  
 10 to read:

11 53395.1. Unless the context otherwise requires, the definitions  
 12 contained in this article shall govern the construction of this  
 13 chapter.

14 (a) “Affected taxing entity” means any governmental taxing  
 15 agency that levied or had levied on its behalf a property tax on all  
 16 or a portion of the property located in the proposed district in the  
 17 fiscal year prior to the designation of the district, but not including  
 18 any county office of education, school district, or community  
 19 college district.

20 (b) “City” means a city, a county, or a city and county.

21 (c) “Debt” means any binding obligation to repay a sum of  
 22 money, including obligations in the form of bonds, certificates of  
 23 participation, long-term leases, loans from government agencies,  
 24 or loans from banks, other financial institutions, private businesses,  
 25 or individuals.

26 (d) “Designated official” means the city engineer or other  
 27 appropriate official designated pursuant to Section 53395.13.

28 (e) (1) “District” means an infrastructure financing district.

29 (2) An infrastructure financing district is a “district” within the  
 30 meaning of Section 1 of Article XIII A of the California  
 31 Constitution.

32 (f) “Infrastructure financing district” means a legally constituted  
 33 public and corporate governmental entity separate and distinct  
 34 from the city that established it pursuant to this chapter for the sole  
 35 purpose of financing public facilities. An infrastructure financing  
 36 district shall be a “local agency” for purposes of Chapter 9  
 37 (commencing with Section 54950).

38 (g) “Landowner” or “owner of land” means any person shown  
 39 as the owner of land on the last equalized assessment roll or  
 40 otherwise known to be the owner of the land by the legislative

1 body. The legislative body has no obligation to obtain other  
 2 information as to the ownership of land, and its determination of  
 3 ownership shall be final and conclusive for the purposes of this  
 4 chapter. A public agency is not a landowner or owner of land for  
 5 purposes of this chapter, unless the public agency owns all of the  
 6 land to be included within the proposed district.

7 (h) “Legislative body” means the city council or board of  
 8 supervisors.

9 (i) “Public financing authority” means the legislative body of  
 10 the infrastructure financing district established pursuant to this  
 11 chapter. The public financing authority shall be comprised of  
 12 ~~members of the city council or board of supervisors that established~~  
 13 ~~the district pursuant to this chapter~~ *five people, three of whom shall*  
 14 *be members of the city council or board of supervisors that*  
 15 *established the district pursuant to this chapter and two of whom*  
 16 *shall be public members. The three members of the city council or*  
 17 *board of supervisors shall appoint the two public members in*  
 18 *accordance with Chapter 11 (commencing with Section 54970) of*  
 19 *Part 1 of Division 2 of Title 5.*

20 (j) “Public capital facilities of community wide significance”  
 21 means facilities that benefit all areas within the district or serve  
 22 or are made available to those areas.

23 SEC. 3. Section 53395.2 of the Government Code is amended  
 24 to read:

25 53395.2. (a) The revenues available pursuant to Article 3  
 26 (commencing with Section 53396) may be used directly for work  
 27 allowed pursuant to Section 53395.3, may be accumulated for a  
 28 period not to exceed five years to provide a fund for that work,  
 29 may be pledged to pay the principal of, and interest on, bonds  
 30 issued pursuant to Article 4 (commencing with Section 53397),  
 31 or may be pledged to pay the principal of, and interest on, bonds  
 32 issued pursuant to the Improvement Bond Act of 1915 (Division  
 33 10 (commencing with Section 8500) of the Streets and Highways  
 34 Code) or the Mello-Roos Community Facilities Act of 1982  
 35 (Chapter 2.5 (commencing with Section 53311)), the proceeds of  
 36 which have been or will be used entirely for allowable purposes  
 37 of the district. The revenue of the district may also be advanced  
 38 for allowable purposes of the district to an ~~Integrated Financing~~  
 39 ~~District~~ *integrated financing district* established pursuant to  
 40 Chapter 1.5 (commencing with Section 53175), in which case the

1 district may be a party to a reimbursement agreement established  
2 pursuant to that chapter. The revenues of the district may also be  
3 committed to paying for any completed public facility acquired  
4 pursuant to Section 53395.3 over a period of time, including the  
5 payment of a rate of interest not to exceed the bond buyer index  
6 rate on the day that the agreement to repay is entered into by the  
7 district.

8 (b) The public financing authority may enter into an agreement  
9 with any affected taxing entity providing for the construction of,  
10 or assistance in, financing activities pursuant to Section 53395.3.

11 SEC. 4. Section 53395.3 of the Government Code is amended  
12 to read:

13 53395.3. (a) A district may finance (1) the purchase,  
14 construction, expansion, improvement, seismic retrofit, or  
15 rehabilitation of any real or other tangible property with an  
16 estimated useful life of 15 years or longer that satisfies the  
17 requirements of subdivision (b), (2) may finance planning and  
18 design work that is directly related to the purchase, construction,  
19 expansion, or rehabilitation of that property, (3) the costs described  
20 in Sections 53395.5 and 53396.5, and (4) may contribute to the  
21 cost of maintaining facilities that are financed pursuant to  
22 subdivision (b). A district may only finance the purchase of  
23 facilities for which construction has been completed, as determined  
24 by the legislative body. The facilities need not be physically located  
25 within the boundaries of the district. Except as specifically provided  
26 in this section, a district shall not finance routine maintenance,  
27 repair work, or the costs of ongoing operation or providing services  
28 of any kind. A district shall not compensate the members of the  
29 legislative body of the city or the district for any activities  
30 undertaken pursuant to this chapter.

31 (b) The district shall finance only structural or nonstructural  
32 public capital facilities ~~that either benefit properties within the~~  
33 ~~district or make facilities available to those properties, of~~  
34 *communitywide significance*, including, but not limited to, ~~all any~~  
35 of the following:

36 (1) Highways, interchanges, ramps and bridges, arterial streets,  
37 parking facilities, and transit facilities.

38 (2) Sewage treatment and water reclamation plants and  
39 interceptor pipes.

1 (3) Facilities and watershed lands used for the collection and  
2 treatment of water for urban uses.

3 (4) Flood management, including levees, bypasses, dams,  
4 retention basins, and drainage channels.

5 (5) Child care facilities.

6 (6) Libraries.

7 (7) Parks, recreational facilities, open space, and habitat  
8 restoration.

9 (8) Facilities for the transfer and disposal of solid waste,  
10 including transfer stations and vehicles.

11 (c) The district shall be a local agency within the meaning of  
12 subdivision (d) of Section 33459 of the Health and Safety Code  
13 and may finance any actions necessary to implement the Polanco  
14 Redevelopment Act (Article 12.5 (commencing with Section  
15 33459) of Chapter 4 of Part 1 of Division 24 of the Health and  
16 Safety Code).

17 (d) The district may finance any project that implements a transit  
18 priority project *pursuant to Section 65470, regional transportation*  
19 *plan, or other projects that are consistent with the general use*  
20 *designation, density, building intensity, and applicable policies*  
21 *specified for the project area in either a sustainable communities*  
22 *strategy or an alternative planning strategy, for which the State*  
23 *Air Resources Board, pursuant to Chapter 2.5 (commencing with*  
24 *Section 65080) of Division 2 of Title 7, has accepted a metropolitan*  
25 *planning organization's determination that the sustainable*  
26 *communities strategy or the alternative planning strategy would,*  
27 *if implemented, achieve the greenhouse gas emission reduction*  
28 *targets.*

29 (e) Any district that constructs dwelling units shall set aside not  
30 less than 20 percent of those units to increase and improve the  
31 community's supply of low- and moderate-income housing  
32 available at an affordable housing cost, as defined by Section  
33 50052.5 of the Health and Safety Code, to persons and families of  
34 low- and moderate-income, as defined in Section 50093 of the  
35 Health and Safety Code.

36 SEC. 5. Section 53395.4 of the Government Code is amended  
37 to read:

38 53395.4. (a) A district shall not provide any form of financial  
39 assistance to a vehicle dealer or a big box retailer, or a business  
40 entity that sells or leases land to a vehicle dealer or big box retailer,

1 that is relocating from the territorial jurisdiction of one local agency  
2 to the territorial jurisdiction of another local agency, but within  
3 the same market area, as those terms are used in Section 53084.

4 (b) A district may finance only the facilities authorized in this  
5 chapter to the extent that the facilities are in addition to those  
6 provided in the territory of the district before the district was  
7 created. The additional facilities may not supplant facilities already  
8 available within that territory when the district was created but  
9 may supplement, rehabilitate, upgrade, or make more sustainable  
10 those facilities.

11 (c) A district may include areas that are not contiguous.

12 SEC. 6. Section 53395.5 of the Government Code is amended  
13 to read:

14 53395.5. It is the intent of the Legislature that the establishment  
15 of a district should not ordinarily lead to the removal of existing  
16 dwelling units. If, however, any dwelling units are proposed to be  
17 removed or destroyed in the course of private development or  
18 public works construction within the area of the district, the  
19 legislative body shall do all of the following:

20 (a) Within four years of the removal or destruction, cause or  
21 require the construction or rehabilitation, for rental or sale to  
22 persons or families of low or moderate income, of an equal number  
23 of replacement dwelling units at affordable housing cost, as defined  
24 in Section 50052.5 of the Health and Safety Code, within the  
25 territory of the district if the dwelling units removed were inhabited  
26 by persons or families of low or moderate income, as defined in  
27 Section 50093 of the Health and Safety Code.

28 (b) Within four years of the removal or destruction, cause or  
29 require the construction or rehabilitation, for rental or sale to  
30 persons of low or moderate income, a number of dwelling units  
31 which is at least one unit but not less than 20 percent of the total  
32 dwelling units removed at affordable housing cost, as defined in  
33 Section 50052.5 of the Health and Safety Code, within the territory  
34 of the district if the dwelling units removed or destroyed were not  
35 inhabited by persons of low or moderate income, as defined in  
36 Section 50093 of the Health and Safety Code.

37 (c) Provide relocation assistance and make all the payments  
38 required by Chapter 16 (commencing with Section 7260) of  
39 Division 7 of Title 1, to persons displaced by any public or private

1 development occurring within the territory of the district. This  
2 displacement shall be deemed to be the result of public action.

3 (d) Ensure that removal or destruction of any dwelling units  
4 occupied by persons or families of low or moderate income not  
5 take place unless and until there are suitable housing units, at  
6 comparable cost to the units from which the persons or families  
7 were displaced, available and ready for occupancy by the residents  
8 of the units at the time of their displacement. The housing units  
9 shall be suitable to the needs of these displaced persons or families  
10 and shall be decent, safe, sanitary, and otherwise standard  
11 dwellings.

12 SEC. 7. Section 53395.6 of the Government Code is amended  
13 to read:

14 53395.6. Any action or proceeding to attack, review, set aside,  
15 void, or annul the creation of a district, adoption of an infrastructure  
16 financing plan, including a division of taxes thereunder, shall be  
17 commenced within 30 days after the date the legislative body  
18 adopted the resolution adopting the infrastructure financing plan  
19 pursuant to Section 53395.20. Consistent with the time limitations  
20 of this section, such an action or proceeding with respect to a  
21 division of taxes under this chapter may be brought pursuant to  
22 Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of  
23 the Code of Civil Procedure, except that Section 869 of the Code  
24 of Civil Procedure shall not apply.

25 SEC. 8. Section 53395.7 of the Government Code is amended  
26 to read:

27 53395.7. An action to determine the validity of the issuance  
28 of bonds pursuant to this chapter may be brought pursuant to  
29 Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of  
30 the Code of Civil Procedure. However, notwithstanding the time  
31 limits specified in Section 860 of the Code of Civil Procedure, the  
32 action shall be commenced within 30 days after the date the public  
33 financing authority adopted the resolution authorizing the issuance  
34 of the bonds pursuant to Section 53397.1, if the action is brought  
35 by an interested person pursuant to Section 863 of the Code of  
36 Civil Procedure. Any appeal from a judgment in that action or  
37 proceeding shall be commenced within 30 days after entry of  
38 judgment.

39 SEC. 9. Section 53395.10 of the Government Code is amended  
40 to read:

1 53395.10. A legislative body of a city may designate one or  
2 more proposed infrastructure financing districts pursuant to this  
3 chapter. Proceedings for the establishment of a district shall be  
4 instituted by the adoption of a resolution of intention to establish  
5 the proposed district and shall do all of the following:

6 (a) State that an infrastructure financing district is proposed to  
7 be established under the terms of this chapter and describe the  
8 boundaries of the proposed district, which may be accomplished  
9 by reference to a map on file in the office of the clerk of the city.

10 (b) State the type of public facilities and development proposed  
11 to be financed or assisted by the district in accordance with Section  
12 53395.3.

13 (c) State the need for the district and the goals the district  
14 proposes to achieve.

15 (d) State that incremental property tax revenue from the city  
16 and some or all affected taxing entities within the district, if  
17 approved by resolution pursuant to Section 53395.19, may be used  
18 to implement the plan adopted pursuant to Section 53395.14.

19 (e) Fix a time and place for a public hearing on the proposal.

20 SEC. 10. Section 53395.11 of the Government Code is amended  
21 to read:

22 53395.11. The legislative body shall direct the clerk to mail a  
23 copy of the resolution of intention to create the district to each  
24 owner of land within the district and to each affected taxing entity.

25 SEC. 11. Section 53395.12 of the Government Code is amended  
26 to read:

27 53395.12. (a) The legislative body shall direct the clerk to post  
28 a copy of the resolution of intention to create the district in an  
29 easily identifiable and accessible location on the legislative body's  
30 Internet Web site.

31 (b) At the conclusion of the public hearing scheduled pursuant  
32 to subdivision (e) of Section 53395.10, the legislative body of the  
33 city may adopt a resolution establishing the infrastructure financing  
34 district based upon a finding that (1) the goals of the district are  
35 consistent with the general plan; and (2) the financing programs  
36 undertaken by the district are an efficient means of implementing  
37 the goals of the district.

38 SEC. 12. Section 53395.13 of the Government Code is amended  
39 to read:

1 53395.13. After adopting the resolution pursuant to Section  
2 53395.12, the legislative body shall send a copy of the resolution  
3 to the public financing authority. Upon receipt of the resolution,  
4 the public financing authority shall designate and direct the city  
5 engineer or other appropriate official to prepare an infrastructure  
6 plan pursuant to Section 53395.14.

7 SEC. 13. Section 53395.14 of the Government Code is amended  
8 to read:

9 53395.14. The official designated pursuant to Section 53395.13  
10 shall prepare a proposed infrastructure financing plan. The  
11 infrastructure financing plan shall be consistent with the general  
12 plan of the city within which the district is located and shall include  
13 all of the following:

14 (a) A map and legal description of the proposed district, which  
15 may include all or a portion of the district designated by the  
16 legislative body in its resolution of intention.

17 (b) A description of the public facilities, or assistance, that  
18 benefits or serves the development to serve the development  
19 proposed in the area of the district including those to be provided  
20 by the private sector, those to be provided by governmental entities  
21 without assistance under this chapter, those public improvements  
22 and facilities to be financed with assistance from the proposed  
23 district, and those to be provided jointly. The description shall  
24 include the proposed location, timing, and costs of the public  
25 improvements and facilities.

26 (c) If funding from affected taxing entities is incorporated into  
27 the financing plan, a finding that the public facilities provide  
28 significant benefits to an area larger than the area of the district.

29 (d) A financing section, which shall contain all of the following  
30 information:

31 (1) A specification of the maximum portion of the incremental  
32 property tax revenue of the city and of each affected taxing entity,  
33 if any, proposed to be committed to the district for each year during  
34 which the district will receive incremental tax revenue. The portion  
35 need not be the same for all affected taxing entities. The portion  
36 may change over time.

37 ~~(2) A specification of the maximum portion of revenue from~~  
38 ~~other taxes imposed by a city proposed to be committed to the~~  
39 ~~district for each year during which the district will receive those~~  
40 ~~revenues.~~

- 1     ~~(3)~~
- 2     (2) A projection of the amount of tax revenues expected to be
- 3 received by the district in each year during which the district will
- 4 receive tax revenues, including an estimate of the amount of tax
- 5 revenues attributable to each affected taxing entity for each year.
- 6     ~~(4)~~
- 7     (3) A plan for financing the public facilities to be assisted by
- 8 the district, including a detailed description of any intention to
- 9 incur debt.
- 10    ~~(5)~~
- 11    (4) A limit on the total number of dollars of taxes that may be
- 12 allocated to the district pursuant to the plan.
- 13    ~~(6)~~
- 14    (5) A date on which the district will cease to exist, by which
- 15 time all tax allocation to the district will end. The date shall not
- 16 be more than 40 years from the date the public financing authority
- 17 adopted the resolution adopting the infrastructure financing plan
- 18 pursuant to Section 53395.20.
- 19    ~~(7)~~
- 20    (6) An analysis of the costs to the city of providing facilities
- 21 and services to the area of the district while the area is being
- 22 developed and after the area is developed. The plan shall also
- 23 include an analysis of the tax, fee, charge, and other revenues
- 24 expected to be received by the city as a result of expected
- 25 development in the area of the district.
- 26    ~~(8)~~
- 27    (7) An analysis of the projected fiscal impact of the district and
- 28 the associated development upon each affected taxing entity.
- 29    ~~(9)~~
- 30    (8) A plan for financing any potential costs that may be incurred
- 31 by reimbursing a developer of a project that is both located entirely
- 32 within the boundaries of that district and qualifies for the Transit
- 33 Priority Project Program, pursuant to Section 65470, including
- 34 any permit and affordable housing expenses and additional
- 35 expenses related to the project or the developer of a project that
- 36 implements a transit priority project.
- 37    (e) If any dwelling units occupied by persons or families of low
- 38 or moderate income are proposed to be removed or destroyed in
- 39 the course of private development or public works construction
- 40 within the area of the district, a plan providing for replacement of

1 those units and relocation of those persons or families consistent  
2 with the requirements of Section 53395.5.

3 (f) The goals the district proposes to achieve by financing public  
4 facilities.

5 (g) The goals the district proposes to achieve by assisting the  
6 development described in paragraph (8) of subdivision (d).

7 (h) If funding from affected taxing entities is included in the  
8 plan, the creation of the public accountability committee, pursuant  
9 to Section 53395.21.

10 SEC. 14. Section 53395.16 of the Government Code is amended  
11 to read:

12 53395.16. The designated official shall consult with the city  
13 and each affected taxing entity, and, at the request of any affected  
14 taxing entity, shall meet with representatives of an affected taxing  
15 entity. Any affected taxing entity may suggest revisions to the  
16 plan.

17 SEC. 15. Section 53395.17 of the Government Code is amended  
18 to read:

19 53395.17. The public financing authority shall conduct a public  
20 hearing prior to adopting the proposed infrastructure financing  
21 plan. The public hearing shall be called no sooner than 60 days  
22 after the plan has been sent to each affected taxing entity. In  
23 addition to the notice given to landowners and affected taxing  
24 entities pursuant to Sections 53395.11 and 53395.12, notice of the  
25 public hearing shall be given by publication not less than once a  
26 week for four successive weeks in a newspaper of general  
27 circulation published in the city in which the proposed district is  
28 located. The notice shall state that the district will be used to  
29 finance public works, briefly describe the public works, briefly  
30 describe the proposed financial arrangements, including the  
31 proposed commitment of incremental tax revenue, describe the  
32 boundaries of the proposed district and state the day, hour, and  
33 place when and where any persons having any objections to the  
34 proposed infrastructure financing plan, or the regularity of any of  
35 the prior proceedings, may appear before the public financing  
36 authority and object to the adoption of the proposed plan by the  
37 public financing authority.

38 SEC. 16. Section 53395.19 of the Government Code is amended  
39 to read:

1 53395.19. (a) The public financing authority shall not enact  
2 a resolution approving a financing plan that provides for the  
3 division of taxes of any affected taxing entity pursuant to Article  
4 3 (commencing with Section 53396), unless a resolution approving  
5 the plan has been adopted by the governing body of each affected  
6 taxing entity that is proposed to be subject to division of taxes  
7 pursuant to Article 3 (commencing with Section 53396) has been  
8 filed with the public financing authority at or prior to the time of  
9 the hearing.

10 (b) In the case of an affected taxing entity that is a special district  
11 that provides fire protection services and where the county board  
12 of supervisors is the governing authority or has appointed itself as  
13 the governing board of the district, the plan shall be adopted by a  
14 separate resolution approved by the district's governing authority  
15 or governing board.

16 (c) Nothing in this section shall be construed to prevent the  
17 public financing authority from amending its infrastructure  
18 financing plan and adopting a resolution forming the infrastructure  
19 financing district without allocation of the tax revenues of any  
20 affected taxing entity that has not approved the infrastructure  
21 financing plan by resolution of the governing body of the affected  
22 taxing entity.

23 (d) A public financing authority may enter into a joint powers  
24 agreement pursuant to Section 6500 with an affected taxing entity  
25 to carry out the purposes of this chapter with regard to nontaxing  
26 authority or powers only.

27 (e) An infrastructure financing plan that provides for the division  
28 of taxes of any affected taxing entity shall not be implemented  
29 until the date on which the public accountability committee is  
30 created pursuant to Section 53395.21.

31 SEC. 17. Section 53395.20 of the Government Code is amended  
32 to read:

33 53395.20. (a) At the conclusion of the hearing required by  
34 Section 53395.17, the public financing authority may adopt a  
35 resolution adopting the infrastructure financing plan, as modified,  
36 and approving the formation of the infrastructure financing district  
37 in a manner consistent with Sections 53395.10 and 53395.19, or  
38 it may abandon the proceedings. The public financing authority  
39 shall forward a copy of the plan to the legislative body to review  
40 and approve the financing section of the plan described in

1 subdivision (d) of Section 53395.14. The infrastructure financing  
2 plan shall not take effect until approved by the legislative body.

3 (b) No later than June 30 of each year after the adoption of the  
4 infrastructure financing plan, the public financing authority shall  
5 direct the clerk of the legislative body to mail an annual report to  
6 each owner of land within the district and each affected taxing  
7 entity. The public financing authority shall direct the clerk of the  
8 legislative body to post this annual report in an easily identifiable  
9 and accessible location on the legislative body's Internet Web site.

10 The annual report shall contain all of the following:

11 (1) A summary of the district's expenditures.

12 (2) A description of the progress made towards the district's  
13 adopted goals.

14 (3) An assessment of the status regarding completion of the  
15 district's public works projects.

16 (c) If the district fails to provide the annual report required by  
17 subdivision (b), the district shall not spend any funds to construct  
18 public works projects until the annual report is submitted.

19 (d) If the district fails to produce evidence of progress made  
20 towards achieving its adopted goals for five consecutive years, the  
21 district shall not spend any funds to construct any new public works  
22 projects; provided, however, the district may complete any public  
23 works projects that it had started. Any excess property tax  
24 increment revenues that had been allocated for new public works  
25 projects shall be reallocated to the affected taxing entities.

26 SEC. 18. Section 53395.21 of the Government Code is  
27 repealed.

28 SEC. 19. Section 53395.21 is added to the Government Code,  
29 to read:

30 53395.21. (a) If an infrastructure financing plan contains a  
31 provision that provides for the division of taxes of any affected  
32 taxing entity, a public accountability committee shall be established  
33 pursuant to this section.

34 (b) A public accountability committee shall be comprised of a  
35 representative of each affected taxing entity that has agreed to the  
36 division of its taxes, a representative of the public financing  
37 authority, and one or more public members.

38 (c) The legislative body of each affected taxing entity and the  
39 legislative body of the public financing authority shall each appoint  
40 one of its members, or their designee, to the public accountability

1 committee. Those persons appointed pursuant to this subdivision  
2 shall, by lot, appoint one or more public members to ensure that  
3 the public accountability committee consists of an odd number of  
4 members for voting purposes.

5 (d) All meetings with the public accountability committee shall  
6 be noticed in accordance with Section 54956.

7 (e) The purposes of the public accountability committee shall  
8 be to conduct or have conducted an annual performance review  
9 and an annual independent financial review of the public financing  
10 authority. The costs of the audits required pursuant to this  
11 subdivision shall be paid from revenues of the public financing  
12 authority.

13 SEC. 20. Section 53395.22 of the Government Code is  
14 repealed.

15 SEC. 21. Section 53395.23 of the Government Code is  
16 repealed.

17 SEC. 22. Section 53395.24 of the Government Code is  
18 repealed.

19 SEC. 23. Section 53395.25 of the Government Code is  
20 repealed.

21 SEC. 24. Section 53396 of the Government Code is amended  
22 to read:

23 53396. Any infrastructure financing plan may contain a  
24 provision that taxes, if any, levied upon taxable property in the  
25 area included within the infrastructure financing district each year  
26 by or for the benefit of the State of California, or any affected  
27 taxing entity after the effective date of the resolution adopted  
28 pursuant to Section 53395.20 to create the district, shall be divided  
29 as follows:

30 (a) That portion of the taxes that would be produced by the rate  
31 upon which the tax is levied each year by or for each of the affected  
32 taxing entities upon the total sum of the assessed value of the  
33 taxable property in the district as shown upon the assessment roll  
34 used in connection with the taxation of the property by the affected  
35 taxing entity, last equalized prior to the effective date of the  
36 resolution adopted pursuant to Section 53395.20 to create the  
37 district, shall be allocated to, and when collected shall be paid to,  
38 the respective affected taxing entities as taxes by or for the affected  
39 taxing entities on all other property are paid.

1 (b) That portion of the levied taxes each year specified in the  
2 adopted infrastructure financing plan for the city and each affected  
3 taxing entity that has agreed to participate pursuant to Section  
4 53395.19 in excess of the amount specified in subdivision (a) shall  
5 be allocated to, and when collected shall be paid into a special  
6 fund of, the district for all lawful purposes of the district. Unless  
7 and until the total assessed valuation of the taxable property in a  
8 district exceeds the total assessed value of the taxable property in  
9 the district as shown by the last equalized assessment roll referred  
10 to in subdivision (a), all of the taxes levied and collected upon the  
11 taxable property in the district shall be paid to the respective  
12 affected taxing entities. When the district ceases to exist pursuant  
13 to the adopted infrastructure financing plan, all moneys thereafter  
14 received from taxes upon the taxable property in the district shall  
15 be paid to the respective affected taxing entities as taxes on all  
16 other property are paid.

17 SEC. 25. Section 53397.1 of the Government Code is amended  
18 to read:

19 53397.1. The public financing authority may, by majority vote,  
20 authorize the issuance of bonds pursuant to this chapter by adopting  
21 a resolution.

22 SEC. 26. Section 53397.2 of the Government Code is amended  
23 to read:

24 53397.2. The resolution adopted pursuant to Section 53397.1  
25 shall contain all of the following information:

26 (a) A description of the facilities to be financed with the  
27 proceeds of the bond issue.

28 (b) The estimated cost of the facilities, the estimated cost of  
29 preparing and issuing the bonds, and the principal amount of the  
30 bond issuance.

31 (c) The maximum interest rate and discount on the bond  
32 issuance.

33 (d) A determination of the amount of tax revenue available or  
34 estimated to be available, for the payment of the principal of, and  
35 interest on, the bonds.

36 (e) A finding that the amount necessary to pay the principal of,  
37 and interest on, the bond issuance will be less than, or equal to,  
38 the amount determined pursuant to subdivision (d).

39 (f) The issuance of the bonds in one or more series.

40 (g) The date the bonds will bear.

- 1 (h) The denomination of the bonds.
- 2 (i) The form of the bonds.
- 3 (j) The manner and execution of the bonds.
- 4 (k) The medium of payment in which the bonds are payable.
- 5 (l) The place or manner of payment and any requirements for
- 6 registration of the bonds.
- 7 (m) The terms or call of redemption, with or without premium.
- 8 SEC. 27. Section 53397.4 of the Government Code is repealed.
- 9 SEC. 28. Section 53397.5 of the Government Code is repealed.
- 10 SEC. 29. Section 53397.6 of the Government Code is repealed.
- 11 SEC. 30. Section 53397.7 of the Government Code is repealed.

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