

AMENDED IN SENATE MARCH 6, 2013

SENATE BILL

No. 33

Introduced by Senator Wolk
(Coauthor: Assembly Member Frazier)

December 3, 2012

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, 53395.23, 53395.24, 53395.25, ~~53397.4~~, 53397.5, 53397.6, and 53397.7 of, and to repeal and add Section 53395.21 of, the Government Code, relating to infrastructure financing districts.

LEGISLATIVE COUNSEL'S DIGEST

SB 33, 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 would 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.
10 (b) The Legislature further finds and declares that the methods
11 available to local agencies to finance public works often place an
12 undue and unfair burden on buyers of new homes, especially for
13 public works that benefit the broader community.

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

7 (d) The Legislature further finds and declares that because
8 California’s disadvantaged communities, as defined in Section
9 75005 of the Public Resources Code, may not be beneficiaries of
10 quality public works, these communities are neglected and, thus,
11 isolated from and deprived of the basic facilities needed for public
12 health and safety.

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

18 (f) The Legislature further finds and declares that it is in the
19 public interest to develop a mechanism that allows public agencies
20 to jointly dedicate their revenues to projects that support sustainable
21 communities.

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

1 of taxes shall not be deemed the appropriation by a district of
2 proceeds of taxes levied by or on behalf of a district within the
3 meaning or for the purposes of Article XIII B of the California
4 Constitution.

5 SEC. 2. Section 53395.1 of the Government Code is amended
6 to read:

7 53395.1. Unless the context otherwise requires, the definitions
8 contained in this article shall govern the construction of this
9 chapter.

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

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

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

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

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

25 (2) An infrastructure financing district is a “district” within the
26 meaning of Section 1 of Article XIII A of the California
27 Constitution.

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

34 (g) “Landowner” or “owner of land” means any person shown
35 as the owner of land on the last equalized assessment roll or
36 otherwise known to be the owner of the land by the legislative
37 body. The legislative body has no obligation to obtain other
38 information as to the ownership of land, and its determination of
39 ownership shall be final and conclusive for the purposes of this
40 chapter. A public agency is not a landowner or owner of land for

1 purposes of this chapter, unless the public agency owns all of the
2 land to be included within the proposed district.

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

5 (i) “Public capital facilities of communitywide significance”
6 means facilities that benefit all areas within the district or serve or
7 are made available to those areas.

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

18 SEC. 3. Section 53395.2 of the Government Code is amended
19 to read:

20 53395.2. (a) The revenues available pursuant to Article 3
21 (commencing with Section 53396) may be used directly for work
22 allowed pursuant to Section 53395.3, may be accumulated for a
23 period not to exceed five years to provide a fund for that work,
24 may be pledged to pay the principal of, and interest on, bonds
25 issued pursuant to Article 4 (commencing with Section 53397),
26 or may be pledged to pay the principal of, and interest on, bonds
27 issued pursuant to the Improvement Bond Act of 1915 (Division
28 10 (commencing with Section 8500) of the Streets and Highways
29 Code) or the Mello-Roos Community Facilities Act of 1982
30 (Chapter 2.5 (commencing with Section 53311)), the proceeds of
31 which have been or will be used entirely for allowable purposes
32 of the district. The revenue of the district may also be advanced
33 for allowable purposes of the district to an integrated financing
34 district established pursuant to Chapter 1.5 (commencing with
35 Section 53175), in which case the district may be party to a
36 reimbursement agreement established pursuant to that chapter.
37 The revenues of the district may also be committed to paying for
38 any completed public facility acquired pursuant to Section 53395.3
39 over a period of time, including the payment of a rate of interest

1 not to exceed the bond buyer index rate on the day that the
2 agreement to repay is entered into by the district.

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

6 SEC. 4. Section 53395.3 of the Government Code is amended
7 to read:

8 53395.3. (a) A district may finance (1) the purchase,
9 construction, expansion, improvement, seismic retrofit, or
10 rehabilitation of any real or other tangible property with an
11 estimated useful life of 15 years or longer that satisfies the
12 requirements of subdivision (b), (2) may finance planning and
13 design work that is directly related to the purchase, construction,
14 expansion, or rehabilitation of that property, (3) the costs described
15 in Sections 53395.5 and 53396.5, and (4) may contribute to the
16 cost of maintaining facilities that are financed pursuant to
17 subdivision (b). A district may only finance the purchase of
18 facilities for which construction has been completed, as determined
19 by the legislative body. The facilities need not be physically located
20 within the boundaries of the district. Except as specifically provided
21 in this section, a district shall not finance routine maintenance,
22 repair work, or the costs of ongoing operation or providing services
23 of any kind. A district shall not compensate the members of the
24 legislative body of the city or the district for any activities
25 undertaken pursuant to this chapter.

26 (b) The district shall finance only structural or nonstructural
27 public capital facilities of communitywide significance, including,
28 but not limited to, all of the following:

29 (1) Highways, interchanges, ramps and bridges, arterial streets,
30 parking facilities, and transit facilities.

31 (2) Sewage treatment and water reclamation plants and
32 interceptor pipes.

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

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

37 (5) Child care facilities.

38 (6) Libraries.

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

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

3 (c) The district shall be a local agency within the meaning of
4 subdivision (d) of Section 33459 of the Health and Safety Code
5 and may finance any actions necessary to implement the Polanco
6 Redevelopment Act (Article 12.5 (commencing with Section
7 33459) of Chapter 4 of Part 1 of Division 24 of the Health and
8 Safety Code).

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

21 (e) Any district that constructs dwelling units shall set aside not
22 less than 20 percent of those units to increase and improve the
23 community's supply of low- and moderate-income housing
24 available at an affordable housing cost, as defined by Section
25 50052.5 of the Health and Safety Code, to persons and families of
26 low- and moderate-income, as defined in Section 50093 of the
27 Health and Safety Code.

28 (f) Projects financed pursuant to this section that involve
29 construction, alteration, demolition, installation, or repair work
30 and dwelling units constructed by a district pursuant to this section,
31 shall be subject to Chapter 1 (commencing with Section 1720) of
32 Part 7 of Division 2 of the Labor Code.

33 SEC. 5. Section 53395.4 of the Government Code is amended
34 to read:

35 53395.4. (a) A district shall not provide any form of financial
36 assistance to a vehicle dealer or a big box retailer, or a business
37 entity that sells or leases land to a vehicle dealer or big box retailer,
38 that is relocating from the territorial jurisdiction of one local agency
39 to the territorial jurisdiction of another local agency, but within
40 the same market area, as those terms are used in Section 53084.

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

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

9 SEC. 6. Section 53395.5 of the Government Code is amended
10 to read:

11 53395.5. It is the intent of the Legislature that the establishment
12 of a district should not ordinarily lead to the removal of existing
13 dwelling units. If, however, any dwelling units are proposed to be
14 removed or destroyed in the course of private development or
15 public works construction within the area of the district, the
16 legislative body shall do all of the following:

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

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

34 (c) Provide relocation assistance and make all the payments
35 required by Chapter 16 (commencing with Section 7260) of
36 Division 7 of Title 1, to persons displaced by any public or private
37 development occurring within the territory of the district. This
38 displacement shall be deemed to be the result of public action.

39 (d) Ensure that removal or destruction of any dwelling units
40 occupied by persons or families of low or moderate income not

1 take place unless and until there are suitable housing units, at
2 comparable cost to the units from which the persons or families
3 were displaced, available and ready for occupancy by the residents
4 of the units at the time of their displacement. The housing units
5 shall be suitable to the needs of these displaced persons or families
6 and shall be decent, safe, sanitary, and otherwise standard
7 dwellings.

8 SEC. 7. Section 53395.6 of the Government Code is amended
9 to read:

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

21 SEC. 8. Section 53395.7 of the Government Code is amended
22 to read:

23 53395.7. An action to determine the validity of the issuance
24 of bonds pursuant to this chapter may be brought pursuant to
25 Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of
26 the Code of Civil Procedure. However, notwithstanding the time
27 limits specified in Section 860 of the Code of Civil Procedure, the
28 action shall be commenced within 30 days after the date the
29 legislative body adopted the resolution adopting the infrastructure
30 financing plan authorizing the issuance of the bonds pursuant to
31 Section 53397.1, if the action is brought by an interested person
32 pursuant to Section 863 of the Code of Civil Procedure. Any appeal
33 from a judgment in that action or proceeding shall be commenced
34 within 30 days after entry of judgment.

35 SEC. 9. Section 53395.10 of the Government Code is amended
36 to read:

37 53395.10. A legislative body of a city may designate one or
38 more proposed infrastructure financing districts pursuant to this
39 chapter. Proceedings for the establishment of a district shall be

1 instituted by the adoption of a resolution of intention to establish
2 the proposed district and shall do all of the following:

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

7 (b) State the type of public facilities and development proposed
8 to be financed or assisted by the district in accordance with Section
9 53395.3.

10 (c) State the need for the district and the goals the district
11 proposes to achieve.

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

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

17 SEC. 10. Section 53395.11 of the Government Code is amended
18 to read:

19 53395.11. The legislative body shall direct the clerk to mail a
20 copy of the resolution of intention to create the district to each
21 owner of land within the district and to each affected taxing entity.

22 SEC. 11. Section 53395.12 of the Government Code is amended
23 to read:

24 53395.12. (a) The legislative body shall direct the clerk to post
25 a copy of the resolution of intention to create the district in an
26 easily identifiable and accessible location on the legislative body's
27 Internet Web site.

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

36 SEC. 12. Section 53395.13 of the Government Code is amended
37 to read:

38 53395.13. After adopting the resolution pursuant to Section
39 53395.12, the legislative body shall send a copy of the resolution
40 to the public financing authority. Upon receipt of the resolution,

1 the public financing authority shall designate and direct the city
2 engineer or other appropriate official to prepare an infrastructure
3 plan pursuant to Section 53395.14.

4 SEC. 13. Section 53395.14 of the Government Code is amended
5 to read:

6 53395.14. The official designated pursuant to Section 53395.13
7 shall prepare a proposed infrastructure financing plan. The
8 infrastructure financing plan shall be consistent with the general
9 plan of the city within which the district is located and shall include
10 all of the following:

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

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

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

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

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

34 (2) A projection of the amount of tax revenues expected to be
35 received by the district in each year during which the district will
36 receive tax revenues, including an estimate of the amount of tax
37 revenues attributable to each affected taxing entity for each year.

38 (3) A plan for financing the public facilities to be assisted by
39 the district, including a detailed description of any intention to
40 incur debt.

1 (4) A limit on the total number of dollars of taxes that may be
2 allocated to the district pursuant to the plan.

3 (5) A date on which the district will cease to exist, by which
4 time all tax allocation to the district will end. The date shall not
5 be more than 40 years from the date the public financing authority
6 adopted the resolution adopting the infrastructure financing plan
7 pursuant to Section 53395.20.

8 (6) An analysis of the costs to the city of providing facilities
9 and services to the area of the district while the area is being
10 developed and after the area is developed. The plan shall also
11 include an analysis of the tax, fee, charge, and other revenues
12 expected to be received by the city as a result of expected
13 development in the area of the district.

14 (7) An analysis of the projected fiscal impact of the district and
15 the associated development upon each affected taxing entity.

16 (8) A plan for financing any potential costs that may be incurred
17 by reimbursing a developer of a project that is both located entirely
18 within the boundaries of that district and qualifies for the Transit
19 Priority Project Program, pursuant to Section 65470, including
20 any permit and affordable housing expenses and additional
21 expenses related to the project or the developer of a project that
22 implements a transit priority project.

23 (e) If any dwelling units occupied by persons or families of low
24 or moderate income are proposed to be removed or destroyed in
25 the course of private development or public works construction
26 within the area of the district, a plan providing for replacement of
27 those units and relocation of those persons or families consistent
28 with the requirements of Section 53395.5.

29 (f) The goals the district proposes to achieve by financing public
30 facilities.

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

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

36 SEC. 14. Section 53395.16 of the Government Code is amended
37 to read:

38 53395.16. The designated official shall consult with the city
39 and each affected taxing entity, and, at the request of any affected
40 taxing entity, shall meet with representatives of an affected taxing

1 entity. Any affected taxing entity may suggest revisions to the
2 plan.

3 SEC. 15. Section 53395.17 of the Government Code is amended
4 to read:

5 53395.17. The public financing authority shall conduct a public
6 hearing prior to adopting the proposed infrastructure financing
7 plan. The public hearing shall be called no sooner than 60 days
8 after the plan has been sent to each affected taxing entity. In
9 addition to the notice given to landowners and affected taxing
10 entities pursuant to Sections 53395.11 and 53395.12, notice of the
11 public hearing shall be given by publication not less than once a
12 week for four successive weeks in a newspaper of general
13 circulation published in the city in which the proposed district is
14 located. The notice shall state that the district will be used to
15 finance public works, briefly describe the public works, briefly
16 describe the proposed financial arrangements, including the
17 proposed commitment of incremental tax revenue, describe the
18 boundaries of the proposed district and state the day, hour, and
19 place when and where any persons having any objections to the
20 proposed infrastructure financing plan, or the regularity of any of
21 the prior proceedings, may appear before the public financing
22 authority and object to the adoption of the proposed plan by the
23 public financing authority.

24 SEC. 16. Section 53395.19 of the Government Code is amended
25 to read:

26 53395.19. (a) The public financing authority shall not enact
27 a resolution approving a financing plan that provides for the
28 division of taxes of any affected taxing entity pursuant to Article
29 3 (commencing with Section 53396), unless a resolution approving
30 the plan has been adopted by the governing body of each affected
31 taxing entity that is proposed to be subject to division of taxes
32 pursuant to Article 3 (commencing with Section 53396) has been
33 filed with the public financing authority at or prior to the time of
34 the hearing.

35 (b) In the case of an affected taxing entity that is a special district
36 that provides fire protection services and where the county board
37 of supervisors is the governing authority or has appointed itself as
38 the governing board of the district, the plan shall be adopted by a
39 separate resolution approved by the district's governing authority
40 or governing board.

1 (c) Nothing in this section shall be construed to prevent the
2 public financing authority from amending its infrastructure
3 financing plan and adopting a resolution forming the infrastructure
4 financing district without allocation of the tax revenues of any
5 affected taxing entity that has not approved the infrastructure
6 financing plan by resolution of the governing body of the affected
7 taxing entity.

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

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

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

18 53395.20. (a) At the conclusion of the hearing required by
19 Section 53395.17, the public financing authority may adopt a
20 resolution adopting the infrastructure financing plan, as modified,
21 and approving the formation of the infrastructure financing district
22 in a manner consistent with Sections 53395.10 and 53395.19, or
23 it may abandon the proceedings. The public financing authority
24 shall forward a copy of the plan to the legislative body to review
25 and approve the financing section of the plan described in
26 subdivision (d) of Section 53395.14. The infrastructure financing
27 plan shall not take effect until approved by the legislative body.

28 (b) No later than June 30 of each year after the adoption of the
29 infrastructure financing plan, the public financing authority shall
30 ~~direct the clerk of the legislative body to~~ mail an annual report to
31 each owner of land within the district and each affected taxing
32 entity. The public financing authority shall ~~direct the clerk of the~~
33 ~~legislative body to~~ post this annual report in an easily identifiable
34 and accessible location on the legislative body's Internet Web site.
35 The annual report shall contain all of the following:

- 36 (1) A summary of the district's expenditures.
- 37 (2) A description of the progress made towards the district's
38 adopted goals.
- 39 (3) An assessment of the status regarding completion of the
40 district's public works projects.

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

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

11 SEC. 18. Section 53395.21 of the Government Code is
12 repealed.

13 SEC. 19. Section 53395.21 is added to the Government Code,
14 to read:

15 53395.21. (a) If an infrastructure financing plan contains a
16 provision that provides for the division of taxes of any affected
17 taxing entity, a public accountability committee shall be established
18 pursuant to this section.

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

23 (c) The legislative body of each affected taxing entity and the
24 legislative body of the public financing authority shall each appoint
25 one of its members, or their designee, to the public accountability
26 committee. Those persons appointed pursuant to this subdivision
27 shall, by lot, appoint one or more public members to ensure that
28 the public accountability committee consists of an odd number of
29 members for voting purposes.

30 ~~(d) All meetings with the public accountability committee shall~~
31 ~~be noticed in accordance with Section 54956.~~

32 (e)

33 (d) The purposes of the public accountability committee shall
34 be to conduct or have conducted an annual performance review
35 and an annual independent financial review of the public financing
36 authority. The costs of the audits required pursuant to this
37 subdivision shall be paid from revenues of the public financing
38 authority.

39 SEC. 20. Section 53395.22 of the Government Code is
40 repealed.

1 SEC. 21. Section 53395.23 of the Government Code is
2 repealed.

3 SEC. 22. Section 53395.24 of the Government Code is
4 repealed.

5 SEC. 23. Section 53395.25 of the Government Code is
6 repealed.

7 SEC. 24. Section 53396 of the Government Code is amended
8 to read:

9 53396. Any infrastructure financing plan may contain a
10 provision that taxes, if any, levied upon taxable property in the
11 area included within the infrastructure financing district each year
12 by or for the benefit of the State of California, or any affected
13 taxing entity after the effective date of the resolution adopted
14 pursuant to Section 53395.20 to create the district, shall be divided
15 as follows:

16 (a) That portion of the taxes that would be produced by the rate
17 upon which the tax is levied each year by or for each of the affected
18 taxing entities upon the total sum of the assessed value of the
19 taxable property in the district as shown upon the assessment roll
20 used in connection with the taxation of the property by the affected
21 taxing entity, last equalized prior to the effective date of the
22 resolution adopted pursuant to Section 53395.20 to create the
23 district, shall be allocated to, and when collected shall be paid to,
24 the respective affected taxing entities as taxes by or for the affected
25 taxing entities on all other property are paid.

26 (b) That portion of the levied taxes each year specified in the
27 adopted infrastructure financing plan for the city and each affected
28 taxing entity that has agreed to participate pursuant to Section
29 53395.19 in excess of the amount specified in subdivision (a) shall
30 be allocated to, and when collected shall be paid into a special
31 fund of, the district for all lawful purposes of the district. Unless
32 and until the total assessed valuation of the taxable property in a
33 district exceeds the total assessed value of the taxable property in
34 the district as shown by the last equalized assessment roll referred
35 to in subdivision (a), all of the taxes levied and collected upon the
36 taxable property in the district shall be paid to the respective
37 affected taxing entities. When the district ceases to exist pursuant
38 to the adopted infrastructure financing plan, all moneys thereafter
39 received from taxes upon the taxable property in the district shall

1 be paid to the respective affected taxing entities as taxes on all
2 other property are paid.

3 SEC. 25. Section 53397.1 of the Government Code is amended
4 to read:

5 53397.1. The public financing authority may, by majority vote,
6 authorize the issuance of bonds pursuant to this chapter by adopting
7 a resolution.

8 SEC. 26. Section 53397.2 of the Government Code is amended
9 to read:

10 53397.2. The resolution adopted pursuant to Section 53397.1
11 shall contain all of the following information:

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

14 (b) The estimated cost of the facilities, the estimated cost of
15 preparing and issuing the bonds, and the principal amount of the
16 bond issuance.

17 (c) The maximum interest rate and discount on the bond
18 issuance.

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

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

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

26 (g) The date the bonds will bear.

27 (h) The denomination of the bonds.

28 (i) The form of the bonds.

29 (j) The manner and execution of the bonds.

30 (k) The medium of payment in which the bonds are payable.

31 (l) The place or manner of payment and any requirements for
32 registration of the bonds.

33 (m) The terms or call of redemption, with or without premium.

34 ~~SEC. 27. Section 53397.4 of the Government Code is repealed.~~

35 ~~SEC. 28.~~

36 ~~SEC. 27.~~ Section 53397.5 of the Government Code is repealed.

37 ~~SEC. 29.~~

38 ~~SEC. 28.~~ Section 53397.6 of the Government Code is repealed.

- 1 ~~SEC. 30.~~
- 2 *SEC. 29.* Section 53397.7 of the Government Code is repealed.

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