

AMENDED IN ASSEMBLY JUNE 16, 2014
AMENDED IN ASSEMBLY JUNE 9, 2014
AMENDED IN ASSEMBLY AUGUST 6, 2013
AMENDED IN ASSEMBLY JUNE 4, 2013

SENATE BILL

No. 614

Introduced by Senator Wolk

February 22, 2013

An act to amend Section 56653 of the Government Code, and to add Section 99.3 to the Revenue and Taxation Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 614, as amended, Wolk. Local government: jurisdictional changes: infrastructure financing.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the authority and procedures for the initiation, conduct, and completion of changes of organization and reorganization of cities and districts. The act requires a local agency or school district that initiates proceedings for a change of local government organization or reorganization by submitting a resolution of application to a local agency formation commission to also submit a plan for providing services within the affected territory, as specified.

This bill would instead require, if a proposal for a change of organization or reorganization is submitted to a local commission, that the applicant submit a plan for providing services within the affected territory. The bill would, in the case of a change of organization *or reorganization initiated by a local agency and consented to by each affected agency*, that includes a disadvantaged, unincorporated

community, authorize a local agency to include in its resolution of application a plan to improve or upgrade structures, roads, sewer or water facilities, or other infrastructure to serve the disadvantaged, unincorporated community and would authorize the local *agency formation* commission to amend the proposal to include the formation of a special district, as specified.

Existing law requires a county auditor, in the case of a jurisdictional change caused by the formation of a district, to adjust the allocation of property tax revenue pursuant to the agreement of, ~~for~~ local agencies whose service area or service responsibility would be altered by the jurisdictional change, as specified.

This bill would authorize a local agency that files a petition for change of organization, and one or more other local agencies that will improve or upgrade structures to serve a disadvantaged, unincorporated community, to agree on a plan for financing services and structures that may provide that taxes, levied upon taxable property in the area included within the territory each year by or for the benefit of the local agency and one or more other local agencies that consent to the plan, be divided between the respective affected local agencies and the special district. This bill would require the plan to include a date on which that division of taxes shall terminate, and would allow the plan to provide for the issuance of indebtedness, as specified. The bill would prohibit any plan developed under these provisions from resulting in a reduction of property tax revenues to school entities.

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

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

- 1 SECTION 1. It is the intent of the Legislature to provide
- 2 additional options for financing infrastructure that can be
- 3 incorporated into the approval of an annexation of a disadvantaged,
- 4 unincorporated community.
- 5 SEC. 2. Section 56653 of the Government Code is amended
- 6 to read:
- 7 56653. (a) If a proposal for a change of organization or
- 8 reorganization is submitted pursuant to this part, the applicant shall
- 9 submit a plan for providing services within the affected territory.

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

4 (1) An enumeration and description of the services to be
5 extended to the affected territory.

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

7 (3) An indication of when those services can feasibly be
8 extended to the affected territory.

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

13 (5) Information with respect to how those services will be
14 financed.

15 (c) Only in the case of a change of organization or reorganization
16 *initiated by a local agency and consented to by each affected*
17 *agency*, that includes a disadvantaged, unincorporated community
18 as defined in Section 56033.5:

19 (1) A local agency may include in its resolution of application
20 for change of organization or reorganization a plan adopted
21 pursuant to Section 99.3 of the Revenue and Taxation Code to
22 improve or upgrade structures, roads, sewer or water facilities, or
23 other infrastructure to serve the disadvantaged, unincorporated
24 community through the formation of a special ~~district~~. *district or*
25 *reorganization of a special district with the special district's*
26 *consent.*

27 (2) If a local agency includes a plan pursuant to paragraph (1),
28 ~~a commission may, subject to paragraph (3), amend the petition~~
29 *local agency formation commission may amend the proposal* for
30 a change of organization or reorganization to include the formation
31 of a special ~~district~~, *district or reorganization of a special district*
32 *with the special district's consent*, including, but not limited to, a
33 community services district, municipal water district, or sanitary
34 district, to provide financing to improve or upgrade structures,
35 roads, sewer or water facilities, or other infrastructure to serve the
36 disadvantaged, unincorporated community, in conformity with the
37 requirements of the principal act of the district proposed to be
38 formed *and all required formation proceedings.*

39 ~~(3) Consistent with paragraph (3) of subdivision (a) of Section~~
40 ~~56375, a commission may initiate the formation of a special district~~

1 ~~only if a request to form a special district is made by a local agency~~
2 ~~pursuant to paragraph (1).~~

3 *(d) Nothing in this section precludes a local agency formation*
4 *commission from considering any other options or exercising its*
5 *powers under Section 56375.*

6 SEC. 3. Section 99.3 is added to the Revenue and Taxation
7 Code, to read:

8 99.3. (a) The plan for financing services that is included in a
9 petition for change of organization or reorganization filed by a
10 local agency *and consented to by each affected agency*, pursuant
11 to Section 56653 of the Government Code for a disadvantaged,
12 unincorporated community may include a plan adopted pursuant
13 to this section.

14 (b) For purposes of this section, the following definitions apply:

15 (1) “Local agency” means a local agency as defined by
16 subdivision (a) of Section 95, and does not include any school
17 entity as defined in subdivision (f) of Section 95.

18 (2) “Affected local agency” means a local agency that has
19 adopted a resolution of its governing ~~board~~ *body* consenting to the
20 plan developed pursuant to this section.

21 (3) “Territory” means all or part of the land that is included in
22 the petition for change of organization or reorganization filed by
23 the local agency.

24 (4) “Certificate of completion” is defined as provided in Section
25 56020.5 of the Government Code.

26 (5) “Disadvantaged, unincorporated community” is defined as
27 provided in Section 56033.5 of the Government Code.

28 (c) A local agency that files a ~~petition~~ *for resolution of*
29 *application for a* change of organization or reorganization, and
30 one or more other local agencies that will improve or upgrade
31 structures to serve a disadvantaged, unincorporated community
32 subject to that petition, may agree on a plan for financing services
33 and structures pursuant to this section.

34 (d) The plan agreed upon pursuant to subdivision (c) may
35 contain a provision that taxes levied upon taxable property in the
36 area included within the territory each year by or for the benefit
37 of the local agency and one or more other local agencies that
38 consent to the plan, be divided as follows:

39 (1) That portion of the taxes that would have been produced by
40 the rate upon which the tax is levied each year by or for each of

1 the affected local agencies upon the total sum of the assessed value
2 of the taxable property in the territory as shown upon the
3 assessment roll used in connection with the taxation of the property
4 by the affected local agency, last equalized prior to the effective
5 date of the certification of completion, and that portion of taxes
6 by or for each school entity, shall be allocated to, and when
7 collected shall be paid to, the respective affected local agencies
8 and school entities as taxes by or for the affected local agencies
9 and school entities on all property are paid.

10 (2) That portion of the levied taxes each year specified in the
11 adopted infrastructure financing plan for the city and each affected
12 taxing entity that has agreed to participate pursuant to this section,
13 in excess of the amount specified in paragraph (1), shall be
14 allocated to, and when collected shall be paid into a special fund
15 of a special district formed *or reorganized with the special district's*
16 *consent* pursuant to subdivision (c) of Section 56653 of the
17 Government Code that will finance the infrastructure improvements
18 to serve the disadvantaged, unincorporated community.

19 (e) A plan adopted pursuant to this section shall specify a date
20 upon which the division of taxes described in subdivision (d) shall
21 terminate.

22 (f) A plan adopted pursuant to this section may include a
23 provision for the issuance of indebtedness. Any indebtedness shall
24 be issued in conformity with Articles 4.5 (commencing with
25 Section 53506) and 5 (commencing with Section 53510) of Chapter
26 3 of Part 1 of Division 2 of Title 5 of the Government Code or the
27 principal act of the special district.

28 (g) Any plan adopted under this section shall not result in a
29 reduction of property tax revenues allocated to any school entity
30 as defined in subdivision (f) of Section 95.