

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 654

Introduced by Assembly Member Brown

February 24, 2015

An act to amend Sections 34171 and 34177 of, and to add Sections 34170.1 and 34191.6 to, the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

AB 654, as amended, Brown. Community redevelopment.

Existing

(1) *Existing* law dissolved redevelopment agencies and community development agencies as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved redevelopment agencies. Existing law requires revenues equivalent to those that would have been allocated to each redevelopment agency, had the agency not been dissolved, to be allocated to the Redevelopment Property Tax Trust Fund of each successor agency for, among other things, making payments on the principal of, and interest on, loans and moneys advanced to, or indebtedness incurred by, the dissolved redevelopment agencies *and making payments due for enforceable obligations*. ~~Existing law requires the county auditor-controller, after deducting administrative costs, to allocate property tax revenues in each Redevelopment Property Tax Trust Fund in a specified manner. Existing law also requires successor agencies to perform obligations required pursuant to any enforceable obligation.~~

This bill would provide that any action by the Department of Finance that occurred on or after June 28, 2011, carrying out the department's obligations under the provisions described above, constitutes a department action for the preparation, development, or administration of the state budget and is exempt from the rulemaking provisions of the Administrative Procedures Act.

(2) Existing law defines "administrative cost allowance" for the purposes of successor agencies' duties in the winding down of the affairs of the dissolved redevelopment agencies to mean an amount that is payable from property tax revenues up to a certain percentage of the property tax allocated to the successor agency on the Recognized Obligation Payment Schedule covering a specified period, and up to a certain percentage of the property tax allocated to the Redevelopment Obligation Retirement Fund that is allocated to the successor agency for each fiscal year thereafter.

This bill would restate the definition of "administrative cost allowance" as the maximum amount of administrative costs that may be paid by a successor agency from the Redevelopment Property Tax Trust Fund in a fiscal year. This bill would, commencing July 1, 2016, and for each fiscal year thereafter, limit the administrative cost allowance to an amount not to exceed 3% of the actual property tax distributed to the successor agency for payment of approved enforceable obligations, reduced by the successor agency's administrative cost allowance and loan payments made to the city, county, or city and county that created the redevelopment agency, as specified, and would limit a successor agency's annual administrative costs to an amount not to exceed 50% of the total Redevelopment Property Tax Trust Fund distributed to pay enforceable obligations.

(3) Existing law excludes from the term "administrative cost allowance" any administrative costs that can be paid from bond proceeds or from sources other than property tax any expenses related to assets or obligations, settlements and judgments, and the costs of maintaining assets prior to disposition.

This bill would delete the exclusions described above and would further require the "administrative cost allowance" to be approved by the oversight board and to be the sole funding source for any legal expenses related to civil actions contesting the validity of laws and actions dissolving and winding down the redevelopment agencies, as specified.

(4) Existing law defines the term “enforceable obligation” to include specified amounts owed by a former redevelopment agency. The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. The California Constitution authorizes a local entity to, with voter approval, levy an additional property tax rate for specified bonded indebtedness.

This bill would provide that “enforceable obligation” includes amounts derived from an additional property tax rate approved by the voters of a city, county, city and county, or special district to make payments in support of capital projects and programs related to the State Water Project, consistent with the use approved by the voters of the city, county, city and county, or special district.

(5) Existing law specifies that the term “enforceable obligation” includes amounts borrowed from, or payments owing to, the Low and Moderate Income Housing Fund of a redevelopment agency that had been deferred as of a certain date.

This bill would provide that the enforceable obligation described above includes only amounts borrowed from, or payments owing to, the Low and Moderate Income Housing Fund of a redevelopment agency pursuant to specified provisions that had been deferred as of a certain date. This bill would provide that this definition applies retroactively to all enforceable obligations recognized above on or after June 28, 2011.

(6) Existing law also specifies that the term “enforceable obligation” does not include any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency, as specified. Notwithstanding this provision, existing law authorizes certain written agreements to be deemed enforceable obligations.

This bill would additionally authorize written agreements entered into at the time of issuance, but in no event later than June 27, 2011, for the financing or refinancing of indebtedness obligations that existed prior to January 1, 2011, and solely for the purpose of securing or repaying those indebtedness obligations, to be deemed enforceable obligations.

(7) Existing law requires a successor agency to, among other things, prepare a Recognized Obligation Payment Schedule for payments on enforceable obligations for each 6-month fiscal period.

This bill would revise the timeline for the preparation of the required Recognized Obligation Payment Schedule to require the successor

agency to prepare a schedule for a one-year fiscal period, with the first of these periods beginning July 1, 2016, and would authorize the Recognized Obligation Payment Schedule to be amended by the oversight board once per Recognized Obligation Payment Schedule period, if the oversight board makes a finding that a revision is necessary for the payment of approved enforceable obligations, as specified.

This bill would, beginning August 1, 2015, require successor agencies to submit a Last and Final Recognized Obligation Payment Schedule, which shall list the remaining enforceable obligations of the successor agency and the total outstanding obligation and a schedule of remaining payments for each enforceable obligation, for approval by the oversight board and the Department of Finance, if specified conditions are met. This bill would require the department to review the Last and Final Recognized Obligation Payment Schedule, as specified, and would require, upon approval by the department, the Last and Final Recognized Obligation Payment Schedule to establish the maximum amount of Redevelopment Property Tax Trust Funds to be distributed to the successor agency, as specified. This bill would authorize the successor agencies to submit no more than 2 requests to the department to amend the approved Last and Final Recognized Obligation Payment Schedule, as specified. This bill would also require the county auditor-controller to review the Last and Final Recognized Obligation Payment Schedule and to continue to allocate moneys in the Redevelopment Property Tax Trust Fund in a specified order of priority.

(8) By adding to the duties of local government officials with respect to the wind down of the dissolved redevelopment agencies, this bill would impose a state-mandated local program.

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, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

~~This bill would state the intent of the Legislature that the use of residual revenues, derived from an additional property tax rate approved by the voters of a city, county, city and county, or special district to make payments in support of capital projects and programs related to~~

~~the State Water Project, be consistent with the use of those revenues approved by the voters of the relevant jurisdiction.~~

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

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

1 *SECTION 1. Section 34170.1 is added to the Health and Safety*
2 *Code, to read:*

3 *34170.1. Any action by the department carrying out the*
4 *department's obligations under this part and Part 1.8 (commencing*
5 *with Section 34161) constitutes a department action for the*
6 *preparation, development, or administration of the state budget*
7 *pursuant to Section 11357 of the Government Code, and is exempt*
8 *from Chapter 3.5 (commencing with Section 11340) of Part 1 of*
9 *Division 3 of Title 2 of the Government Code. This section applies*
10 *retroactively to any action by the department described in this*
11 *section that occurred on or after June 28, 2011.*

12 *SEC. 2. Section 34171 of the Health and Safety Code is*
13 *amended to read:*

14 34171. The following terms shall have the following meanings:

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

17 (b) (1) "Administrative cost allowance" means ~~an amount that,~~
18 ~~subject to the approval of the oversight board, is payable from~~
19 ~~property tax revenues of up to the maximum amount of~~
20 ~~administrative costs that may be paid by a successor agency from~~
21 ~~the Redevelopment Property Tax Trust Fund in a fiscal year.~~

22 (2) *The administrative cost allowance shall be 5 percent of the*
23 *property tax allocated to the successor agency on the Recognized*
24 *Obligation Payment Schedule covering the period January 1, 2012,*
25 *through June 30, 2012, and 2012. The administrative cost*
26 *allowance shall be up to 3 percent of the property tax allocated to*
27 *the Redevelopment Obligation Retirement Fund money that is*
28 ~~allocated to the successor agency for each fiscal year thereafter;~~
29 ~~provided, however, that the amount thereafter ending on June 30,~~
30 ~~2016. However, the administrative cost allowance shall not be less~~
31 ~~than two hundred fifty thousand dollars (\$250,000); (\$250,000)~~
32 ~~in any fiscal year, unless this amount is reduced by the oversight~~
33 ~~board reduces this amount, for any fiscal year or such lesser amount~~

~~as agreed to by or by agreement with the successor agency. However, the allowance amount shall exclude, and shall not apply to, any administrative costs that can be paid from bond proceeds or from sources other than property tax. Administrative cost allowances shall exclude any litigation expenses related to assets or obligations, settlements and judgments, and the costs of maintaining assets prior to disposition. Employee~~

(3) Commencing July 1, 2016, and for each fiscal year thereafter, the administrative cost allowance shall be up to 3 percent of the actual property tax distributed to the successor agency by the county auditor-controller in the preceding fiscal year for payment of approved enforceable obligations, reduced by the successor agency's administrative cost allowance and loan repayments made to the city, county, or city and county that created the redevelopment agency that it succeeded pursuant to subdivision (b) of Section 34191.4 during the preceding fiscal year. However, the administrative cost allowance shall not be less than two hundred fifty thousand dollars (\$250,000) in any fiscal year, unless this amount is reduced by the oversight board or by agreement between the successor agency and the department.

(4) Notwithstanding paragraph (3), commencing July 1, 2016, a successor agency's annual administrative costs shall not exceed 50 percent of the total Redevelopment Property Tax Trust Fund distributed to pay enforceable obligations in the preceding fiscal year. This limitation applies to administrative costs whether paid within the administrative cost allowance or not, but does not apply to administrative costs paid from bond proceeds or grant funds.

(5) The administrative cost allowance shall be approved by the oversight board and shall be the sole funding source for any legal expenses related to civil actions, including writ proceedings, contesting the validity of Part 1.8 or Part 1.85 (commencing with Section 34170) or challenging acts taken pursuant to these parts. Employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs and shall not constitute administrative costs.

(c) "Designated local authority" shall mean a public entity formed pursuant to subdivision (d) of Section 34173.

(d) (1) "Enforceable obligation" means any of the following:

1 (A) Bonds, as defined by Section 33602 and bonds issued
2 pursuant to Chapter 10.5 (commencing with Section 5850) of
3 Division 6 of Title 1 of the Government Code, including the
4 required debt service, reserve set-asides, and any other payments
5 required under the indenture or similar documents governing the
6 issuance of the outstanding bonds of the former redevelopment
7 agency. A reserve may be held when required by the bond
8 indenture or when the next property tax allocation will be
9 insufficient to pay all obligations due under the provisions of the
10 bond for the next payment due in the following half of the calendar
11 year.

12 (B) Loans of moneys borrowed by the redevelopment agency
13 for a lawful purpose, to the extent they are legally required to be
14 repaid pursuant to a required repayment schedule or other
15 mandatory loan terms.

16 (C) Payments required by the federal government, preexisting
17 obligations to the state or obligations imposed by state law, other
18 than passthrough payments that are made by the county
19 auditor-controller pursuant to Section 34183, or legally enforceable
20 payments required in connection with the agencies' employees,
21 including, but not limited to, pension payments, pension obligation
22 debt service, unemployment payments, or other obligations
23 conferred through a collective bargaining agreement. Costs incurred
24 to fulfill collective bargaining agreements for layoffs or
25 terminations of city employees who performed work directly on
26 behalf of the former redevelopment agency shall be considered
27 enforceable obligations payable from property tax funds. The
28 obligations to employees specified in this subparagraph shall
29 remain enforceable obligations payable from property tax funds
30 for any employee to whom those obligations apply if that employee
31 is transferred to the entity assuming the housing functions of the
32 former redevelopment agency pursuant to Section 34176. The
33 successor agency or designated local authority shall enter into an
34 agreement with the housing entity to reimburse it for any costs of
35 the employee obligations.

36 (D) Judgments or settlements entered by a competent court of
37 law or binding arbitration decisions against the former
38 redevelopment agency, other than passthrough payments that are
39 made by the county auditor-controller pursuant to Section 34183.
40 Along with the successor agency, the oversight board shall have

1 the authority and standing to appeal any judgment or to set aside
2 any settlement or arbitration decision.

3 (E) Any legally binding and enforceable agreement or contract
4 that is not otherwise void as violating the debt limit or public
5 policy. However, nothing in this act shall prohibit either the
6 successor agency, with the approval or at the direction of the
7 oversight board, or the oversight board itself from terminating any
8 existing agreements or contracts and providing any necessary and
9 required compensation or remediation for such termination. Titles
10 of or headings used on or in a document shall not be relevant in
11 determining the existence of an enforceable obligation.

12 (F) Contracts or agreements necessary for the administration or
13 operation of the successor agency, in accordance with this part,
14 including, but not limited to, agreements concerning litigation
15 expenses related to assets or obligations, settlements and
16 judgments, and the costs of maintaining assets prior to disposition,
17 and agreements to purchase or rent office space, equipment and
18 supplies, and pay-related expenses pursuant to Section 33127 and
19 for carrying insurance pursuant to Section 33134. *Any legal*
20 *expenses related to civil actions, including writ proceedings,*
21 *contesting the validity of Part 1.8 (commencing with Section 34161)*
22 *or Part 1.85 (commencing with Section 34170) or challenging acts*
23 *taken pursuant to these parts shall only be payable out of the*
24 *administrative cost allowance.*

25 (G) Amounts borrowed from, or payments owing to, the Low
26 and Moderate Income Housing Fund of a redevelopment agency,
27 which had been deferred as of the effective date of the act adding
28 this part; provided, however, that the repayment schedule is
29 approved by the oversight board. Repayments shall be transferred
30 to the Low and Moderate Income Housing Asset Fund established
31 pursuant to subdivision (d) of Section 34176 as a housing asset
32 and shall be used in a manner consistent with the affordable
33 housing requirements of the Community Redevelopment Law (Part
34 1 (commencing with Section 33000)). *Enforceable obligations*
35 *pursuant to this subparagraph include only amounts borrowed*
36 *from, or payments owing to, the Low and Moderate Income*
37 *Housing Fund of a redevelopment agency pursuant to subdivision*
38 *(k) of Section 33334.2, subdivision (g) of Section 33334.6,*
39 *subdivision (b) of Section 33681.7, subdivision (b) of Section*
40 *33681.9, subdivision (b) of Section 33681.12, subdivision (b) of*

1 *Section 33685, subdivision (c) of Section 33690, or subdivision*
2 *(c) of Section 33690.5, which had been deferred as of the effective*
3 *date of the act adding this part and were approved by the*
4 *department pursuant to paragraph (2) of subdivision (a) of section*
5 *34176. This definition applies retroactively to all enforceable*
6 *obligations recognized under this subparagraph on or after June*
7 *28, 2011.*

8 *(H) Amounts derived from a property tax rate approved by the*
9 *voters of a city, county, city and county, or special district to make*
10 *payments in support of capital projects and programs related to*
11 *the State Water Project, and levied in addition to the property tax*
12 *rate limited by subdivision (a) of Section 1 of Article XIII A of the*
13 *California Constitution, consistent with the use approved by the*
14 *voters of a city, county, city and county, or special district.*

15 (2) For purposes of this part, “enforceable obligation” does not
16 include any agreements, contracts, or arrangements between the
17 city, county, or city and county that created the redevelopment
18 agency and the former redevelopment agency. However, written
19 agreements entered into (A) at the time of issuance, but in no event
20 later than December 31, 2010, of indebtedness obligations, and
21 (B) solely for the purpose of securing or repaying those
22 indebtedness obligations may be deemed enforceable obligations
23 for purposes of this part. *Additionally, written agreements entered*
24 *into (A) at the time of issuance, but in no event later than June 27,*
25 *2011, of indebtedness obligations for the refunding or refinancing*
26 *of indebtedness obligations that existed prior to January 1, 2011,*
27 *and (B) solely for the purpose of securing or repaying those*
28 *indebtedness obligations may be deemed enforceable obligations*
29 *for purposes of this part.* Notwithstanding this paragraph, loan
30 agreements entered into between the redevelopment agency and
31 the city, county, or city and county that created it, within two years
32 of the date of creation of the redevelopment agency, may be
33 deemed to be enforceable obligations.

34 (3) Contracts or agreements between the former redevelopment
35 agency and other public agencies, to perform services or provide
36 funding for governmental or private services or capital projects
37 outside of redevelopment project areas that do not provide benefit
38 to the redevelopment project and thus were not properly authorized
39 under Part 1 (commencing with Section 33000) shall be deemed
40 void on the effective date of this part; provided, however, that such

1 contracts or agreements for the provision of housing properly
2 authorized under Part 1 (commencing with Section 33000) shall
3 not be deemed void.

4 (e) “Indebtedness obligations” means bonds, notes, certificates
5 of participation, or other evidence of indebtedness, issued or
6 delivered by the redevelopment agency, or by a joint exercise of
7 powers authority created by the redevelopment agency, to
8 third-party investors or bondholders to finance or refinance
9 redevelopment projects undertaken by the redevelopment agency
10 in compliance with the Community Redevelopment Law (Part 1
11 (commencing with Section 33000)).

12 (f) “Oversight board” shall mean each entity established pursuant
13 to Section 34179.

14 (g) “Recognized obligation” means an obligation listed in the
15 Recognized Obligation Payment Schedule.

16 (h) “Recognized Obligation Payment Schedule” means the
17 document setting forth the minimum payment amounts and due
18 dates of payments required by enforceable obligations for each
19 six-month fiscal period *until June 30, 2016*, as provided in
20 subdivision (m) of Section 34177. *On and after July 1, 2016,*
21 *“Recognized Obligation Payment Schedule” means the document*
22 *setting forth the minimum payment amounts and due dates of*
23 *payments required by enforceable obligations for each fiscal year*
24 *as provided in subdivision (o) of Section 34177.*

25 (i) “School entity” means any entity defined as such in
26 subdivision (f) of Section 95 of the Revenue and Taxation Code.

27 (j) “Successor agency” means the successor entity to the former
28 redevelopment agency as described in Section 34173.

29 (k) “Taxing entities” means cities, counties, a city and county,
30 special districts, and school entities, as defined in subdivision (f)
31 of Section 95 of the Revenue and Taxation Code, that receive
32 passthrough payments and distributions of property taxes pursuant
33 to the provisions of this part.

34 (l) “Property taxes” include all property tax revenues, including
35 those from unitary and supplemental and roll corrections applicable
36 to tax increment.

37 (m) “Department” means the Department of Finance unless the
38 context clearly refers to another state agency.

1 (n) “Sponsoring entity” means the city, county, or city and
2 county, or other entity that authorized the creation of each
3 redevelopment agency.

4 (o) “Final judicial determination” means a final judicial
5 determination made by any state court that is not appealed, or by
6 a court of appellate jurisdiction that is not further appealed, in an
7 action by any party.

8 (p) From July 1, 2014, to July 1, 2018, inclusive, “housing entity
9 administrative cost allowance” means an amount of up to 1 percent
10 of the property tax allocated to the Redevelopment Obligation
11 Retirement Fund on behalf of the successor agency for each
12 applicable fiscal year, but not less than one hundred fifty thousand
13 dollars (\$150,000) per fiscal year.

14 (1) If a local housing authority assumed the housing functions
15 of the former redevelopment agency pursuant to paragraph (2) or
16 (3) of subdivision (b) of Section 34176, then the housing entity
17 administrative cost allowance shall be listed by the successor
18 agency on the Recognized Obligation Payment Schedule. Upon
19 approval of the Recognized Obligation Payment Schedule by the
20 oversight board and the department, the housing entity
21 administrative cost allowance shall be remitted by the successor
22 agency on each January 2 and July 1 to the local housing authority
23 that assumed the housing functions of the former redevelopment
24 agency pursuant to paragraph (2) or (3) of subdivision (b) of
25 Section 34176.

26 (2) If there are insufficient moneys in the Redevelopment
27 Obligations Retirement Fund in a given fiscal year to make the
28 payment authorized by this subdivision, the unfunded amount may
29 be listed on each subsequent Recognized Obligation Payment
30 Schedule until it has been paid in full. In these cases the five-year
31 time limit on the payments shall not apply.

32 *SEC. 3. Section 34177 of the Health and Safety Code is*
33 *amended to read:*

34 34177. Successor agencies are required to do all of the
35 following:

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

37 (1) On and after February 1, 2012, and until a Recognized
38 Obligation Payment Schedule becomes operative, only payments
39 required pursuant to an enforceable obligations payment schedule
40 shall be made. The initial enforceable obligation payment schedule

1 shall be the last schedule adopted by the redevelopment agency
2 under Section 34169. However, payments associated with
3 obligations excluded from the definition of enforceable obligations
4 by paragraph (2) of subdivision (d) of Section 34171 shall be
5 excluded from the enforceable obligations payment schedule and
6 be removed from the last schedule adopted by the redevelopment
7 agency under Section 34169 prior to the successor agency adopting
8 it as its enforceable obligations payment schedule pursuant to this
9 subdivision. The enforceable obligation payment schedule may
10 be amended by the successor agency at any public meeting and
11 shall be subject to the approval of the oversight board as soon as
12 the board has sufficient members to form a quorum. In recognition
13 of the fact that the timing of the California Supreme Court's ruling
14 in the case California Redevelopment Association v. Matosantos
15 (2011) 53 Cal.4th 231 delayed the preparation by successor
16 agencies and the approval by oversight boards of the January 1,
17 2012, through June 30, 2012, Recognized Obligation Payment
18 Schedule, a successor agency may amend the Enforceable
19 Obligation Payment Schedule to authorize the continued payment
20 of enforceable obligations until the time that the January 1, 2012,
21 through June 30, 2012, Recognized Obligation Payment Schedule
22 has been approved by the oversight board and by the ~~Department~~
23 ~~of Finance; department.~~ The successor agency may utilize
24 reasonable estimates and projections to support payment amounts
25 for enforceable obligations if the successor agency submits
26 appropriate supporting documentation of the basis for the estimate
27 or projection to the Department of Finance and the
28 auditor-controller.

29 (2) ~~The Department of Finance department, the county~~
30 ~~auditor-controller,~~ and the Controller shall each have the authority
31 to require any documents associated with the enforceable
32 obligations to be provided to them in a manner of their choosing.
33 Any taxing entity, the department, and the Controller shall each
34 have standing to file a judicial action to prevent a violation under
35 this part and to obtain injunctive or other appropriate relief.

36 (3) Commencing on the date the Recognized Obligation Payment
37 Schedule is valid pursuant to subdivision (1), only those payments
38 listed in the Recognized Obligation Payment Schedule may be
39 made by the successor agency from the funds specified in the
40 Recognized Obligation Payment Schedule. In addition, after it

1 becomes valid, the Recognized Obligation Payment Schedule shall
2 supersede the Statement of Indebtedness, which shall no longer
3 be prepared nor have any effect under the Community
4 Redevelopment Law (Part 1 (commencing with Section 33000)).

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

10 (5) From February 1, 2012, to July 1, 2012, a successor agency
11 shall have no authority and is hereby prohibited from accelerating
12 payment or making any lump-sum payments that are intended to
13 prepay loans unless such accelerated repayments were required
14 prior to the effective date of this part.

15 (b) Maintain reserves in the amount required by indentures,
16 trust indentures, or similar documents governing the issuance of
17 outstanding redevelopment agency bonds.

18 (c) Perform obligations required pursuant to any enforceable
19 obligation.

20 (d) Remit unencumbered balances of redevelopment agency
21 funds to the county auditor-controller for distribution to the taxing
22 entities, including, but not limited to, the unencumbered balance
23 of the Low and Moderate Income Housing Fund of a former
24 redevelopment agency. In making the distribution, the county
25 auditor-controller shall utilize the same methodology for allocation
26 and distribution of property tax revenues provided in Section
27 34188.

28 (e) Dispose of assets and properties of the former redevelopment
29 agency as directed by the oversight board; provided, however, that
30 the oversight board may instead direct the successor agency to
31 transfer ownership of certain assets pursuant to subdivision (a) of
32 Section 34181. The disposal is to be done expeditiously and in a
33 manner aimed at maximizing value. Proceeds from asset sales and
34 related funds that are no longer needed for approved development
35 projects or to otherwise wind down the affairs of the agency, each
36 as determined by the oversight board, shall be transferred to the
37 county auditor-controller for distribution as property tax proceeds
38 under Section 34188. The requirements of this subdivision shall
39 not apply to a successor agency that has been issued a finding of

1 completion by the ~~Department of Finance~~ *department* pursuant to
2 Section 34179.7.

3 (f) Enforce all former redevelopment agency rights for the
4 benefit of the taxing entities, including, but not limited to,
5 continuing to collect loans, rents, and other revenues that were due
6 to the redevelopment agency.

7 (g) Effectuate transfer of housing functions and assets to the
8 appropriate entity designated pursuant to Section 34176.

9 (h) Expeditiously wind down the affairs of the redevelopment
10 agency pursuant to the provisions of this part and in accordance
11 with the direction of the oversight board.

12 (i) Continue to oversee development of properties until the
13 contracted work has been completed or the contractual obligations
14 of the former redevelopment agency can be transferred to other
15 parties. Bond proceeds shall be used for the purposes for which
16 bonds were sold unless the purposes can no longer be achieved,
17 in which case, the proceeds may be used to defease the bonds.

18 (j) Prepare a proposed administrative budget and submit it to
19 the oversight board for its approval. The proposed administrative
20 budget shall include all of the following:

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

23 (2) Proposed sources of payment for the costs identified in
24 paragraph (1).

25 (3) Proposals for arrangements for administrative and operations
26 services provided by a city, county, city and county, or other entity.

27 (k) Provide administrative cost estimates, from its approved
28 administrative budget that are to be paid from property tax revenues
29 deposited in the Redevelopment Property Tax Trust Fund, to the
30 county auditor-controller for each six-month fiscal period.

31 ~~(l) (1) Before each six-month fiscal period,~~ *period set forth in*
32 *subdivision (m) or (o), as applicable,* prepare a Recognized
33 Obligation Payment Schedule in accordance with the requirements
34 of this paragraph. For each recognized obligation, the Recognized
35 Obligation Payment Schedule shall identify one or more of the
36 following sources of payment:

37 (A) Low and Moderate Income Housing Fund.

38 (B) Bond proceeds.

39 (C) Reserve balances.

40 (D) Administrative cost allowance.

1 (E) The Redevelopment Property Tax Trust Fund, but only to
2 the extent no other funding source is available or when payment
3 from property tax revenues is required by an enforceable obligation
4 or by the provisions of this part.

5 (F) Other revenue sources, including rents, concessions, asset
6 sale proceeds, interest earnings, and any other revenues derived
7 from the former redevelopment agency, as approved by the
8 oversight board in accordance with this part.

9 (2) A Recognized Obligation Payment Schedule shall not be
10 deemed valid unless all of the following conditions have been met:

11 (A) A Recognized Obligation Payment Schedule is prepared
12 by the successor agency for the enforceable obligations of the
13 former redevelopment agency. The initial schedule shall project
14 the dates and amounts of scheduled payments for each enforceable
15 obligation for the remainder of the time period during which the
16 redevelopment agency would have been authorized to obligate
17 property tax increment had the a redevelopment agency not been
18 dissolved.

19 (B) The Recognized Obligation Payment Schedule is submitted
20 to and duly approved by the oversight board. The successor agency
21 shall submit a copy of the Recognized Obligation Payment
22 Schedule to the county administrative officer, the county
23 auditor-controller, and the ~~Department of Finance~~ *department* at
24 the same time that the successor agency submits the Recognized
25 Obligation Payment Schedule to the oversight board for approval.

26 (C) A copy of the approved Recognized Obligation Payment
27 Schedule is submitted to the county auditor-controller, the
28 Controller's office, and the Department of Finance, and is posted
29 on the successor agency's Internet Web site.

30 (3) The Recognized Obligation Payment Schedule shall be
31 forward looking to the next six ~~months~~ *months or one year*
32 *pursuant to subdivision (m) or (o), as applicable*. The first
33 Recognized Obligation Payment Schedule shall be submitted to
34 the Controller's office and the ~~Department of Finance~~ *department*
35 by April 15, 2012, for the period of January 1, 2012, to June 30,
36 2012, inclusive. This Recognized Obligation Payment Schedule
37 shall include all payments made by the former redevelopment
38 agency between January 1, 2012, through January 31, 2012, and
39 shall include all payments proposed to be made by the successor
40 agency from February 1, 2012, through June 30, 2012. Former

1 redevelopment agency enforceable obligation payments due, and
2 reasonable or necessary administrative costs due or incurred, prior
3 to January 1, 2012, shall be made from property tax revenues
4 received in the spring of 2011 property tax distribution, and from
5 other revenues and balances transferred to the successor agency.

6 (m) ~~The~~ *Until December 31, 2015, the* Recognized Obligation
7 Payment Schedule for the period of January 1, 2013, to June 30,
8 2013, shall be submitted by the successor agency, after approval
9 by the oversight board, no later than September 1, 2012.
10 Commencing with the Recognized Obligation Payment Schedule
11 covering the period July 1, 2013, through December 31, 2013,
12 successor agencies shall submit an oversight board-approved
13 Recognized Obligation Payment Schedule to the ~~Department of~~
14 ~~Finance~~ *department* and to the county auditor-controller no fewer
15 than 90 days before the date of property tax distribution. The
16 ~~Department of Finance~~ *department* shall make its determination
17 of the enforceable obligations and the amounts and funding sources
18 of the enforceable obligations no later than 45 days after the
19 Recognized Obligation Payment Schedule is submitted. Within
20 five business days of the department's determination, a successor
21 agency may request additional review by the department and an
22 opportunity to meet and confer on disputed ~~items~~ *items, except*
23 *for those items which are the subject of litigation disputing the*
24 *department's previous or related determination.* The meet and
25 confer period may vary; an untimely submittal of a Recognized
26 Obligation Payment Schedule may result in a meet and confer
27 period of less than 30 days. The department shall notify the
28 successor agency and the county auditor-controllers as to the
29 outcome of its review at least 15 days before the date of property
30 tax distribution.

31 (1) The successor agency shall submit a copy of the Recognized
32 Obligation Payment Schedule to the ~~Department of Finance~~
33 *department* electronically, and the successor agency shall complete
34 the Recognized Obligation Payment Schedule in the manner
35 provided for by the department. A successor agency shall be in
36 noncompliance with this paragraph if it only submits to the
37 department an electronic message or a letter stating that the
38 oversight board has approved a Recognized Obligation Payment
39 Schedule.

1 (2) If a successor agency does not submit a Recognized
2 Obligation Payment Schedule by the deadlines provided in this
3 subdivision, the city, county, or city and county that created the
4 redevelopment ~~agency~~ *agency, if it is acting as the successor*
5 *agency*, shall be subject to a civil penalty equal to ten thousand
6 dollars (\$10,000) per day for every day the schedule is not
7 submitted to the department. The civil penalty shall be paid to the
8 county auditor-controller for allocation to the taxing entities under
9 Section 34183. If a successor agency fails to submit a Recognized
10 Obligation Payment Schedule by the deadline, any creditor of the
11 successor agency or the Department of Finance or any affected
12 taxing entity shall have standing to and may request a writ of
13 mandate to require the successor agency to immediately perform
14 this duty. Those actions may be filed only in the County of
15 Sacramento and shall have priority over other civil matters.
16 Additionally, if an agency does not submit a Recognized Obligation
17 Payment Schedule within 10 days of the deadline, the maximum
18 administrative cost allowance for that period shall be reduced by
19 25 percent.

20 (3) If a successor agency fails to submit to the department an
21 oversight board-approved Recognized Obligation Payment
22 Schedule that complies with all requirements of this subdivision
23 within five business days of the date upon which the Recognized
24 Obligation Payment Schedule is to be used to determine the amount
25 of property tax allocations, the department may determine if any
26 amount should be withheld by the county auditor-controller for
27 payments for enforceable obligations from distribution to taxing
28 entities, pending approval of a Recognized Obligation Payment
29 Schedule. The county auditor-controller shall distribute the portion
30 of any of the sums withheld pursuant to this paragraph to the
31 affected taxing entities in accordance with paragraph (4) of
32 subdivision (a) of Section 34183 upon notice by the department
33 that a portion of the withheld balances are in excess of the amount
34 of enforceable obligations. The county auditor-controller shall
35 distribute withheld funds to the successor agency only in
36 accordance with a Recognized Obligation Payment Schedule
37 approved by the department. County auditor-controllers shall lack
38 the authority to withhold any other amounts from the allocations
39 provided for under Section 34183 or 34188 unless required by a
40 court order.

1 (4) (A) The Recognized Obligation Payment Schedule payments
2 required pursuant to this subdivision may be scheduled beyond
3 the existing Recognized Obligation Payment Schedule cycle upon
4 a showing that a lender requires cash on hand beyond the
5 Recognized Obligation Payment Schedule cycle.

6 (B) When a payment is shown to be due during the Recognized
7 Obligation Payment Schedule period, but an invoice or other billing
8 document has not yet been received, the successor agency may
9 utilize reasonable estimates and projections to support payment
10 amounts for enforceable obligations if the successor agency submits
11 appropriate supporting documentation of the basis for the estimate
12 or projection to the department and the auditor-controller.

13 (C) A Recognized Obligation Payment Schedule may also
14 include appropriation of moneys from bonds subject to passage
15 during the Recognized Obligation Payment Schedule cycle when
16 an enforceable obligation requires the agency to issue the bonds
17 and use the proceeds to pay for project expenditures.

18 (n) Cause a postaudit of the financial transactions and records
19 of the successor agency to be made at least annually by a certified
20 public accountant.

21 *(o) On and after January 1, 2016, commencing with the*
22 *Recognized Obligation Payment Schedule covering the period*
23 *from July 1, 2016, to June 30, 2017, inclusive, and for each July*
24 *1 to June 30, inclusive, thereafter, a successor agency shall submit*
25 *an oversight board-approved Recognized Obligation Payment*
26 *Schedule to the department and to the county auditor-controller*
27 *no later than February 1, 2016, and each February 1 thereafter.*
28 *The department shall make its determination of the enforceable*
29 *obligations and the amounts and funding sources of the enforceable*
30 *obligations no later than April 15, 2016, and each April 15*
31 *thereafter. Within five business days of the department's*
32 *determination, a successor agency may request additional review*
33 *by the department and an opportunity to meet and confer on*
34 *disputed items, except for those items which are the subject of*
35 *litigation disputing the department's previous or related*
36 *determination. An untimely submittal of a Recognized Obligation*
37 *Payment Schedule may result in a meet and confer period of less*
38 *than 30 days. The department shall notify the successor agency*
39 *and the county auditor-controller as to the outcome of its review*

1 *at least 15 days before the date of the first property tax distribution*
2 *for that period.*

3 *(1) The successor agency shall submit a copy of the Recognized*
4 *Obligation Payment Schedule to the department in the manner*
5 *provided for by the department.*

6 *(2) If a successor agency does not submit a Recognized*
7 *Obligation Payment Schedule by the deadlines provided in this*
8 *subdivision, the city, county, or city and county that created the*
9 *redevelopment agency, if acting as the successor agency, shall be*
10 *subject to a civil penalty equal to ten thousand dollars (\$10,000)*
11 *per day for every day the schedule is not submitted to the*
12 *department. The civil penalty shall be paid to the county*
13 *auditor-controller for allocation to the taxing entities under Section*
14 *34183. If a successor agency fails to submit a Recognized*
15 *Obligation Payment Schedule by the deadline, any creditor of the*
16 *successor agency or the department or any affected taxing entity*
17 *shall have standing to, and may request a writ of mandate to,*
18 *require the successor agency to immediately perform this duty.*
19 *Those actions may be filed only in the County of Sacramento and*
20 *shall have priority over other civil matters. Additionally, if an*
21 *agency does not submit a Recognized Obligation Payment Schedule*
22 *within 10 days of the deadline, the maximum administrative cost*
23 *for that period shall be reduced by 25 percent.*

24 *(3) If a successor agency fails to submit to the department an*
25 *oversight board-approved Recognized Obligation Payment*
26 *Schedule that complies with all requirements of this subdivision*
27 *within five business days of the date upon which the Recognized*
28 *Obligation Payment Schedule is to be used to determine the amount*
29 *of property tax allocations, the department may determine if any*
30 *amount should be withheld by the county auditor-controller for*
31 *payments for enforceable obligations from distribution to taxing*
32 *entities, pending approval of a Recognized Obligation Payment*
33 *Schedule. The county auditor-controller shall distribute the portion*
34 *of any of the sums withheld pursuant to this paragraph to the*
35 *affected taxing entities in accordance with paragraph (4) of*
36 *subdivision (a) of Section 34183 upon notice by the department*
37 *that a portion of the withheld balances are in excess of the amount*
38 *of enforceable obligations. The county auditor-controller shall*
39 *distribute withheld funds to the successor agency only in*
40 *accordance with a Recognized Obligation Payment Schedule*

1 approved by the department. County auditor-controllers do not
2 have the authority to withhold any other amounts from the
3 allocations provided for under Section 34183 or 34188 except as
4 required by a court order.

5 (4) (A) The Recognized Obligation Payment Schedule payments
6 required pursuant to this subdivision may be scheduled beyond
7 the existing Recognized Obligation Payment Schedule cycle upon
8 a showing that a lender requires cash on hand beyond the
9 Recognized Obligation Payment Schedule cycle.

10 (B) When a payment is shown to be due during the Recognized
11 Obligation Payment Schedule period, but an invoice or other
12 billing document has not yet been received, the successor agency
13 may utilize reasonable estimates and projections to support
14 payment amounts for enforceable obligations if the successor
15 agency submits appropriate supporting documentation of the basis
16 for the estimate or projection to the department and the county
17 auditor-controller.

18 (C) A Recognized Obligation Payment Schedule may also
19 include a request to use proceeds from bonds expected to be issued
20 during the Recognized Obligation Payment Schedule cycle when
21 an enforceable obligation requires the agency to issue the bonds
22 and use the proceeds to pay for project expenditures.

23 (5) Once per Recognized Obligation Payment Schedule period,
24 and no later than October 1, a successor agency may submit one
25 amendment to the Recognized Obligation Payment Schedule
26 approved by the department pursuant to this subdivision, if the
27 oversight board makes a finding that a revision is necessary for
28 the payment of approved enforceable obligations during the second
29 one-half of the Recognized Obligation Payment Schedule period,
30 which shall be defined as January 1 to June 30, inclusive. A
31 successor agency may only amend the amount requested for
32 payment of approved enforceable obligations. The revised
33 Recognized Obligation Payment Schedule shall be approved by
34 the oversight board and submitted to the department by electronic
35 means in a manner of the department's choosing. The department
36 shall notify the successor agency and the county auditor-controller
37 as to the outcome of the department's review at least 15 days before
38 the date of the property tax distribution.

39 SEC. 4. Section 34191.6 is added to the Health and Safety
40 Code, to read:

1 34191.6. (a) Beginning August 1, 2015, successor agencies
2 may submit a Last and Final Recognized Obligation Payment
3 Schedule for approval by the oversight board and the department
4 if all of the following conditions are met:

5 (1) The remaining debt of a successor agency is limited to
6 administrative costs and payments pursuant to enforceable
7 obligations with defined payment schedules including, but not
8 limited to, debt service, loan agreements, and contracts.

9 (2) All remaining obligations have been previously listed on a
10 Recognized Obligation Payment Schedule and approved for
11 payment by the department pursuant to subdivision (m) or (o) of
12 Section 34177.

13 (3) The successor agency is not a party to outstanding or
14 unresolved litigation.

15 (b) A successor agency that meets the conditions in subdivision
16 (a) may submit a Last and Final Recognized Obligation Payment
17 Schedule to its oversight board for approval at any time. The
18 successor agency may then submit the oversight board-approved
19 Last and Final Recognized Obligation Payment Schedule to the
20 department and only in a manner provided by the department. The
21 Last and Final Recognized Obligation Payment Schedule shall
22 not be effective until reviewed and approved by the department as
23 provided for in subdivision (c). The successor agency shall also
24 submit a copy of the oversight board-approved Last and Final
25 Recognized Obligation Payment Schedule to the county
26 administrative officer, the county auditor-controller, and post it
27 to the successor agency's Internet Web site at the same time that
28 the successor agency submits the Last and Final Recognized
29 Obligation Payment Schedule to the department.

30 (1) The Last and Final Recognized Obligation Payment Schedule
31 shall list the remaining enforceable obligations of the successor
32 agency in the following order:

33 (A) Enforceable obligations to be funded from the
34 Redevelopment Property Tax Trust Fund.

35 (B) Enforceable obligations to be funded from bond proceeds
36 or enforceable obligations required to be funded from other legally
37 or contractually dedicated or restricted funding sources.

38 (C) Loans or deferrals authorized for repayment pursuant to
39 subparagraph (G) of paragraph (1) of subdivision (d) of Section
40 34171 or Section 34191.4.

1 (2) *The Last and Final Recognized Obligation Payment Schedule*
2 *shall include the total outstanding obligation and a schedule of*
3 *remaining payments for each enforceable obligation listed pursuant*
4 *to subparagraphs (A) and (B) of paragraph (1), and the total*
5 *outstanding obligation and interest rate, not to exceed 2 percent,*
6 *for loans or deferrals listed pursuant to subparagraph (C) of*
7 *paragraph (1).*

8 (c) *The department shall have 100 days to review the Last and*
9 *Final Recognized Obligation Payment Schedule submitted pursuant*
10 *to subdivision (b). The department may make any amendments or*
11 *changes to the Last and Final Recognized Obligation Payment*
12 *Schedule, provided the amendments or changes are agreed to by*
13 *the successor agency in writing. If the successor agency and the*
14 *department cannot come to an agreement on the proposed*
15 *amendments or changes, the department shall issue a letter denying*
16 *the Last and Final Recognized Obligation Payment Schedule. All*
17 *Last and Final Recognized Obligation Payment Schedules*
18 *approved by the Department shall become effective on the first*
19 *day of the subsequent Redevelopment Property Tax Trust Fund*
20 *distribution period.*

21 (1) *Upon approval by the department, the Last and Final*
22 *Recognized Obligation Payment Schedule shall establish the*
23 *maximum amount of Redevelopment Property Tax Trust Funds to*
24 *be distributed to the successor agency for each remaining fiscal*
25 *year until all obligations have been fully paid.*

26 (2) *Successor agencies may submit no more than two requests*
27 *to the department to amend the approved Last and Final*
28 *Recognized Obligation Payment Schedule. Requests shall first be*
29 *approved by the oversight board and then submitted to the*
30 *department for review. A request shall not be effective until*
31 *reviewed and approved by the department. The request shall be*
32 *provided to the department by electronic means and in a manner*
33 *of the department's choosing. The department shall have 100 days*
34 *from the date received to approve or deny the successor agency's*
35 *request.*

36 (3) *Any revenues, interest, and earnings of the successor agency*
37 *not authorized for use pursuant to the approved Last and Final*
38 *Recognized Obligation Payment Schedule shall be remitted to the*
39 *county auditor-controller for distribution to the affected taxing*
40 *entities. Notwithstanding Sections 34191.3 and 34191.5, proceeds*

1 *from the disposition of real property subsequent to the approval*
2 *of the Last and Final Recognized Obligation Payment Schedule*
3 *that are not necessary for the payment of an enforceable obligation*
4 *shall be remitted to the county auditor-controller for distribution*
5 *to the affected taxing entities.*

6 *(4) A successor agency shall not expend more than the amount*
7 *approved for each enforceable obligation listed and approved on*
8 *the Last and Final Recognized Obligation Payment Schedule.*

9 *(5) If a successor agency receives insufficient funds to pay for*
10 *the enforceable obligations approved in the Last and Final*
11 *Recognized Obligation Payment Schedule in any given period, the*
12 *city, county, or city and county that created the redevelopment*
13 *agency may loan or grant funds to a successor agency for that*
14 *period at the successor agency's request for the sole purpose of*
15 *paying for approved items on the Last and Final Recognized*
16 *Obligation Payment Schedule that would otherwise go unpaid.*
17 *Additionally, at the request of the department, the county treasurer*
18 *may loan any funds from the county treasury to the Redevelopment*
19 *Property Tax Trust Fund of the successor agency for the purpose*
20 *of paying an item approved on the Last and Final Recognized*
21 *Obligation Payment Schedule in order to ensure prompt payments*
22 *of successor agency debts. A loan made under this section shall*
23 *be repaid from the source of funds approved for payment of the*
24 *underlying enforceable obligation in the Last and Final Recognized*
25 *Obligation Payment Schedule once sufficient funds become*
26 *available from that source.*

27 *(6) Notwithstanding paragraph (6) of subdivision (e) of Section*
28 *34176 and subparagraph (A) of paragraph (2) of subdivision (b)*
29 *of Section 34191.4, commencing on the date the Last and Final*
30 *Recognized Obligation Payment Schedule becomes effective:*

31 *(A) Loan or deferrals authorized for repayment pursuant to*
32 *subparagraph (G) of paragraph (1) of subdivision (d) of Section*
33 *34171 or Section 34191.4 and listed and approved on the Last and*
34 *Final Recognized Obligation Payment Schedule, shall be*
35 *recalculated to accrue annual simple interest not to exceed 2*
36 *percent.*

37 *(B) The maximum repayment amount of the total principal and*
38 *interest on loans and deferrals authorized for repayment pursuant*
39 *to subparagraph (G) of paragraph (1) of subdivision (d) of Section*
40 *34171 or Section 34191.4 and listed and approved in the Last and*

1 *Final Recognized Obligation Payment Schedule shall be 15 percent*
2 *of the moneys remaining in the Redevelopment Property Tax Trust*
3 *Fund after the allocation of moneys in each six-month period*
4 *pursuant to Section 34183 prior to the distributions under*
5 *paragraph (4) of subdivision (a) of Section 34183.*

6 *(7) Commencing on the effective date of the approved Last and*
7 *Final Recognized Obligation Payment Schedule, the successor*
8 *agency shall not prepare or transmit Recognized Obligation*
9 *Payment Schedules pursuant to Section 34177.*

10 *(8) Commencing on the effective date of the approved Last and*
11 *Final Recognized Obligation Payment Schedule, oversight board*
12 *resolutions shall not be submitted to the department pursuant to*
13 *subdivision (h) of Section 34179. This paragraph shall not apply*
14 *to oversight board resolutions necessary for refunding bonds*
15 *pursuant to Section 34177.5, long-range property management*
16 *plans pursuant to Section 34191.5, amendments to the Last and*
17 *Final Recognized Obligation Payment Schedule under paragraph*
18 *(2) of subdivision (c), and the final oversight board resolutions*
19 *pursuant to Section 34187.*

20 *(d) The county auditor-controller shall do the following:*

21 *(1) Review the Last and Final Recognized Obligation Payment*
22 *Schedule and provide any objection to the inclusion of any items*
23 *or amounts to the department.*

24 *(2) After the Last and Final Recognized Obligation Payment*
25 *Schedule is approved by the department, the county*
26 *auditor-controller shall continue to allocate moneys in the*
27 *Redevelopment Property Tax Trust Fund pursuant to Section*
28 *34183. However, the allocation from the Redevelopment Property*
29 *Tax Trust Fund in each fiscal period, after deducting*
30 *auditor-controller administrative costs, shall be according to the*
31 *following order of priority:*

32 *(A) Allocations pursuant to paragraph (1) of subdivision (a) of*
33 *Section 34183.*

34 *(B) Debt service payments scheduled to be made for tax*
35 *allocation bonds that are listed and approved in the Last and Final*
36 *Recognized Obligation Payment Schedule.*

37 *(C) Payments scheduled to be made on revenue bonds that are*
38 *listed and approved in the Last and Final Recognized Obligation*
39 *Payment Schedule, but only to the extent the revenues pledged for*
40 *them are insufficient to make the payments and only if the agency's*

1 *tax increment revenues were also pledged for the repayment of*
2 *bonds.*

3 *(D) Payments scheduled for debts and obligations listed and*
4 *approved in the Last and Final Recognized Obligation Payment*
5 *Schedule to be paid from the Redevelopment Property Tax Trust*
6 *Fund pursuant to subparagraph (A) of paragraph (1) of subdivision*
7 *(b) and subdivision (c).*

8 *(E) Payments listed and approved pursuant to subparagraph*
9 *(A) of paragraph (1) of subdivision (b) and subdivision (c) that*
10 *were authorized but unfunded in prior periods.*

11 *(F) Repayment in the amount specified in paragraph (6) of*
12 *subdivision (c) of loans and deferrals listed and approved on the*
13 *Last and Final Recognized Obligation Payment Schedule pursuant*
14 *to subparagraph (C) of paragraph (1) of subdivision (b) and*
15 *subdivision (c).*

16 *(G) Any moneys remaining in the Redevelopment Property Tax*
17 *Trust Fund after the payments and transfers authorized by*
18 *subparagraphs (A) to (F), inclusive, shall be distributed to taxing*
19 *entities in accordance with Section 34188.*

20 *(3) If the successor agency reports to the county*
21 *auditor-controller that the total available amounts in the*
22 *Redevelopment Property Tax Trust Fund will be insufficient to*
23 *fund their current or future fiscal year obligations, and if the county*
24 *auditor-controller concurs that there are insufficient funds to pay*
25 *the required obligations, the county auditor-controller may*
26 *distribute funds pursuant to subdivision (b) of Section 34183.*

27 *(4) The county auditor-controller shall no longer distribute*
28 *property tax to the Redevelopment Property Tax Trust Fund once*
29 *the aggregate amount of property tax allocated to the successor*
30 *agency equals the total outstanding obligation approved in the*
31 *Last and Final Recognized Obligation Payment Schedule.*

32 *(e) Successor agencies with a Last and Final Recognized*
33 *Payment Schedule approved by the Department of Finance may*
34 *amend or modify existing contracts, agreements, or other*
35 *arrangements identified on the Last and Final Recognized*
36 *Obligation Payment Schedule which the Department of Finance*
37 *has already determined to be enforceable obligations, provided:*

38 *(1) The outstanding payments owing from the successor agency*
39 *are not accelerated or increased in any way.*

1 (2) Any amendment to extend terms shall not include an
2 extension beyond the last scheduled payment for the enforceable
3 obligations listed and approved on the Last and Final Recognized
4 Obligation Payment Schedule.

5 (3) This subdivision shall not be construed as authorizing
6 successor agencies to create new or additional enforceable
7 obligations or otherwise increase, directly or indirectly, the amount
8 of Redevelopment Property Tax Trust Funds allocated to the
9 successor agency by the county auditor-controller.

10 SEC. 5. If the Commission on State Mandates determines that
11 this act contains costs mandated by the state, reimbursement to
12 local agencies and school districts for those costs shall be made
13 pursuant to Part 7 (commencing with Section 17500) of Division
14 4 of Title 2 of the Government Code.

15 ~~SECTION 1. The Legislature finds and declares all of the~~
16 ~~following:~~

17 ~~(a) The California Constitution limits property-based tax levies,~~
18 ~~with exceptions to these limits only when a local jurisdiction~~
19 ~~obtains the approval of its voting electorate to use additional~~
20 ~~property-based tax levies for specific purposes, in accordance with~~
21 ~~applicable constitutional and statutory provisions.~~

22 ~~(b) With the enactment of Chapter 5 of the 2011–12 First~~
23 ~~Extraordinary Session (Assembly Bill 26), the Legislature intended~~
24 ~~that, upon dissolution of redevelopment agencies in the State of~~
25 ~~California, property taxes that would have been allocated to~~
26 ~~redevelopment agencies are no longer deemed tax increment.~~

27 ~~(c) It is important to minimize the potential erosion of property~~
28 ~~tax residuals being returned to the local taxing entities, both in the~~
29 ~~short and long term, while transitioning the state from detailed~~
30 ~~review of enforceable obligations to a streamlined process.~~

31 ~~(d) It is appropriate to clarify and refine various provisions in~~
32 ~~the relevant statutes to eliminate ambiguity and make the statutes~~
33 ~~operate more successfully for all parties without rewarding~~
34 ~~previously questionable behavior.~~

35 ~~(e) It is essential to maintain the expeditious wind-down of~~
36 ~~former redevelopment agency activities while adding new~~
37 ~~incentives for substantial compliance with the law.~~

38 ~~(f) It is the intent of the Legislature, in enacting this act, that as~~
39 ~~the redevelopment agency dissolution process winds down the use~~
40 ~~of residual revenues derived from the imposition of a property tax~~

1 ~~rate, approved by the voters of a city, county, city and county, or~~
2 ~~special district to make payments in support of capital projects and~~
3 ~~programs related to the State Water Project, and levied in addition~~
4 ~~to the property tax rate limited by subdivision (a) of Section 1 of~~
5 ~~Article XIII A of the California Constitution, is consistent with the~~
6 ~~use approved by the voters of a city, county, city and county, or~~
7 ~~special district.~~

O