

AMENDED IN ASSEMBLY APRIL 22, 2015

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 654

Introduced by Assembly Member Brown

(Coauthor: Senator Morrell)

February 24, 2015

An act to amend Sections 34171 and 34177 of, and to add Sections 34170.1 and 34191.6 to, Section 34183 of the Health and Safety Code, relating to ~~redevelopment~~. *redevelopment*.

LEGISLATIVE COUNSEL'S DIGEST

AB 654, as amended, Brown. ~~Community redevelopment~~. *Redevelopment: revenues from property tax override rates*.

(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 also requires successor agencies to perform obligations required pursuant to any enforceable obligation. *agencies. Existing law requires, from February 1, 2012, to July 1, 2012, inclusive, and for each fiscal year*

thereafter, the county auditor-controller, after deducting administrative costs, to allocate property tax revenues in each Redevelopment Property Tax Trust Fund in a specified manner.

~~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.~~

This bill would authorize a city, county, city and county, or special district that levies a property tax rate, approved by the voters of a city, county, city and county, or special district to make payments in support of the State Water Project and levied in addition to the general property tax rate, to make a request to an oversight board to prohibit revenues derived from that property tax rate from being deposited into a Redevelopment Property Tax Fund. This bill would authorize an oversight board to deny this request based on substantial evidence that a former redevelopment agency made a pledge of revenues that specifically included revenues derived from the imposition of that property tax rate. This bill, for the 2015–16 fiscal year and each fiscal year thereafter, except to the extent an oversight board denies a request, would prohibit any revenues derived from the imposition of that property tax rate from being allocated to a Redevelopment Property Tax Trust

Fund and would, instead, require these revenues to be allocated to, and when collected to be paid into, the fund of the city, county, city and county, or special district whose voters approved the tax. The bill would require all allocations of revenues derived from the imposition of that property tax rate made by any county auditor-controller prior to July 1, _____, to be deemed correct, and would prohibit any city, county, county auditor-controller, successor agency, or affected taxing entity from being subject to any claim, as specified. This bill would require, to the extent that revenues derived from the imposition of a property tax rate, approved by the voters of a city or county or special district to make payments in support of the State Water Project and levied in addition to the general property tax rate, are deposited into a Redevelopment Property Tax Trust Fund, the county auditor-controller to allocate moneys from each Redevelopment Property Tax Trust Fund to a city or county or special district that levies a property tax as so described after certain other allocations have been made.

(8)

(2) 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.

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

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

1 **SECTION 1.** (a) *The Legislature finds and declares all of the*
2 *following:*

3 (1) *The California Constitution limits property-based tax levies,*
4 *with exceptions to these limits only when a local jurisdiction*
5 *obtains the approval of its voting electorate to use additional*
6 *property-based tax levies for specific purposes approved by the*
7 *voting electorate, in accordance with applicable constitutional*
8 *and statutory provisions.*

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

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

8 (A) If a redevelopment agency had previously pledged revenues
9 derived from the imposition of a property tax rate, approved by
10 the voters of a city, county, or city and county, or special district
11 to make payments in support of the State Water Project and levied
12 in addition to the property tax rate limited by subdivision (a) of
13 Section 1 of Article XIII A of the California Constitution, to pay
14 a portion of the debt service due on indebtedness incurred by the
15 former redevelopment agency on an approved recognized
16 obligation payment schedule, then the successor agency shall
17 continue to pledge those revenues, in a commensurate rate going
18 forward. For example, if revenues derived from a water project
19 property tax rate approved by the voters of a city, county, city and
20 county, or special district were pledged to pay up to 25 percent of
21 the annual debt service for the indebtedness approved in a
22 recognized obligation payment schedule, the successor agency
23 shall continue to pay up to 25 percent of the annual debt service
24 on the indebtedness until maturity. Any and all excess pledged
25 revenues derived from the water project property tax rate that are
26 not necessary to pay the debt service on the indebtedness shall be
27 allocated and paid to the city, county, city and county, or special
28 district whose voters approved the State Water Project-related
29 property tax rate.

30 (B) Ensure that the use of revenues derived from the imposition
31 of a property tax rate approved by the voters of a city, county, city
32 and county, or special district to make payments in support of the
33 State Water Project and levied in addition to the property tax rate
34 limited by subdivision (a) of Section 1 of Article XIII A of the
35 California Constitution, is consistent with the use approved by the
36 voters of a city, county, city and county, or special district once
37 revenues from such property tax rates are not needed to pay
38 approved indebtedness of a former redevelopment agency.

39 (C) Implement the allocation and distribution of voter-approved,
40 property-based tax revenues for the State Water Project under the

1 *redevelopment dissolution process in a manner that would have*
2 *been consistent with the allocation and distribution of those*
3 *revenues had redevelopment agencies not been dissolved, in*
4 *accordance with applicable constitutional provisions.*

5 *(4) Further, it is the intent of the Legislature that this act not*
6 *affect any property tax allocations that occurred prior to July 1,*

7 *_____.*

8 *SEC. 2. Section 34183 of the Health and Safety Code is*
9 *amended to read:*

10 34183. (a) Notwithstanding any other law, from February 1,
11 2012, to July 1, 2012, and for each fiscal year thereafter, the county
12 auditor-controller shall, after deducting administrative costs
13 allowed under Section 34182 and Section 95.3 of the Revenue and
14 Taxation Code, allocate moneys in each Redevelopment Property
15 Tax Trust Fund as follows:

16 (1) Subject to any prior deductions required by subdivision (b),
17 first, the county auditor-controller shall remit from the
18 Redevelopment Property Tax Trust Fund to each local agency and
19 school entity an amount of property tax revenues in an amount
20 equal to that which would have been received under Section 33401,
21 33492.140, 33607, 33607.5, 33607.7, or 33676, as those sections
22 read on January 1, 2011, or pursuant to any passthrough agreement
23 between a redevelopment agency and a taxing entity that was
24 entered into prior to January 1, 1994, that would be in force during
25 that fiscal year, had the redevelopment agency existed at that time.
26 The amount of the payments made pursuant to this paragraph shall
27 be calculated solely on the basis of passthrough payment
28 obligations, existing prior to the effective date of this part and
29 continuing as obligations of successor entities, shall occur no later
30 than May 16, 2012, and no later than June 1, 2012, and each
31 January 2 and June 1 thereafter. Notwithstanding subdivision (e)
32 of Section 33670, that portion of the taxes in excess of the amount
33 identified in subdivision (a) of Section 33670, which are
34 attributable to a tax rate levied by a taxing entity for the purpose
35 of producing revenues in an amount sufficient to make annual
36 repayments of the principal of, and the interest on, any bonded
37 indebtedness for the acquisition or improvement of real property
38 shall be allocated to, and when collected shall be paid into, the
39 fund of that taxing entity. The amount of passthrough payments
40 computed pursuant to this section, including any passthrough

1 agreements, shall be computed as though the requirement to set
2 aside funds for the Low and Moderate Income Housing Fund was
3 still in effect.

4 (2) Second, on June 1, 2012, and each January 2 and June 1
5 thereafter, to each successor agency for payments listed in its
6 Recognized Obligation Payment Schedule for the six-month fiscal
7 period beginning January 1, 2012, and July 1, 2012, and each
8 January 2 and June 1 thereafter, in the following order of priority:

9 (A) Debt service payments scheduled to be made for tax
10 allocation bonds.

11 (B) Payments scheduled to be made on revenue bonds, but only
12 to the extent the revenues pledged for them are insufficient to make
13 the payments and only if the agency's tax increment revenues were
14 also pledged for the repayment of the bonds.

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

18 (3) Third, on June 1, 2012, and each January 2 and June 1
19 thereafter, to each successor agency for the administrative cost
20 allowance, as defined in Section 34171, for administrative costs
21 set forth in an approved administrative budget for those payments
22 required to be paid from former tax increment revenues.

23 (4) *(A) Fourth, on January 2, 2016, and each January 2 and*
24 *June 1 thereafter, to a city or county or special district that levies*
25 *a property tax rate, approved by the voters of a city or county or*
26 *special district to make payments in support of the State Water*
27 *Project and levied in addition to the property tax rate limited by*
28 *subdivision (a) of Section 1 of Article XIII A of the California*
29 *Constitution, an amount of property tax revenues equal to the*
30 *amount of revenues derived from the imposition of that tax rate*
31 *that were allocated to the Redevelopment Property Tax Trust Fund*
32 *for that fiscal period.*

33 *(B) This paragraph shall not apply to the extent that revenues*
34 *derived from the imposition of a property tax rate described in*
35 *subparagraph (A) are not deposited into a Redevelopment Property*
36 *Tax Trust Fund as provided by subdivision (f).*

37 ~~(4) Fourth,~~

38 (5) *Fifth*, on June 1, 2012, and each January 2 and June 1
39 thereafter, any moneys remaining in the Redevelopment Property
40 Tax Trust Fund after the payments and transfers authorized by

paragraphs (1) to ~~(3)~~ (4), inclusive, shall be distributed to local agencies and school entities in accordance with Section 34188.

(b) If the successor agency reports, no later than April 1, 2012, and May 1, 2012, and each December 1 and May 1 thereafter, to the county auditor-controller that the total amount available to the successor agency from the Redevelopment Property Tax Trust Fund allocation to that successor agency's Redevelopment Obligation Retirement Fund, from other funds transferred from each redevelopment agency, and from funds that have or will become available through asset sales and all redevelopment operations, are insufficient to fund the payments required by paragraphs (1) to (3), inclusive, of subdivision (a) in the next six-month fiscal period, the county auditor-controller shall notify the Controller and the Department of Finance no later than 10 days from the date of that notification. The county auditor-controller shall verify whether the successor agency will have sufficient funds from which to service debts according to the Recognized Obligation Payment Schedule and shall report the findings to the Controller. If the Controller concurs that there are insufficient funds to pay required debt service, the amount of the deficiency shall be deducted first from the amount remaining to be distributed to taxing entities pursuant to ~~paragraph~~ paragraphs (4) and (5) of subdivision (a), and if that amount is exhausted, from amounts available for distribution for administrative costs in paragraph (3) of subdivision (a). If an agency, pursuant to the provisions of Section 33492.15, 33492.72, 33607.5, 33671.5, 33681.15, or 33688 or as expressly provided in a passthrough agreement entered into pursuant to Section 33401, made passthrough payment obligations subordinate to debt service payments required for enforceable obligations, funds for servicing bond debt may be deducted from the amounts for passthrough payments under paragraph (1) of subdivision (a), as provided in those sections, but only to the extent that the amounts remaining to be distributed to taxing entities pursuant to ~~paragraph~~ paragraphs (4) and (5) of subdivision (a) and the amounts available for distribution for administrative costs in paragraph (3) of subdivision (a) have all been exhausted.

(c) The county treasurer may loan any funds from the county treasury to the Redevelopment Property Tax Trust Fund of the successor agency for the purpose of paying an item approved on the Recognized Obligation Payment Schedule at the request of the

1 Department of Finance that are necessary to ensure prompt
2 payments of redevelopment agency debts. An enforceable
3 obligation is created for repayment of those loans.

4 (d) The Controller may recover the costs of audit and oversight
5 required under this part from the Redevelopment Property Tax
6 Trust Fund by presenting an invoice therefor to the county
7 auditor-controller who shall set aside sufficient funds for and
8 disburse the claimed amounts prior to making the next distributions
9 to the taxing entities pursuant to Section 34188. Subject to the
10 approval of the Director of Finance, the budget of the Controller
11 may be augmented to reflect the reimbursement, pursuant to
12 Section 28.00 of the Budget Act.

13 (e) Within 10 days of each distribution of property tax, the
14 county auditor-controller shall provide a report to the department
15 regarding the distribution for each successor agency that includes
16 information on the total available for allocation, the passthrough
17 amounts and how they were calculated, the amounts distributed
18 to successor agencies, and the amounts distributed to taxing entities
19 in a manner and form specified by the department. This reporting
20 requirement shall also apply to distributions required under
21 subdivision (b) of Section 34183.5.

22 (f) (1) *A city or county that levies a property tax rate, approved*
23 *by the voters of a city or county or special district to make*
24 *payments in support of the State Water Project and levied in*
25 *addition to the property tax rate limited by subdivision (a) of*
26 *Section 1 of Article XIII A of the California Constitution, may make*
27 *a request to an oversight board to prohibit revenues derived from*
28 *the imposition of that property tax rate from being deposited into*
29 *a Redevelopment Property Tax Trust Fund.*

30 (2) *Based on substantial evidence that a former redevelopment*
31 *agency made a pledge of revenues that specifically included*
32 *revenues derived from the imposition of a property tax rate,*
33 *approved by the voters of a city or county or special district to*
34 *make payments in support of the State Water Project and levied*
35 *in addition to the property tax rate limited by subdivision (a) of*
36 *Section 1 of Article XIII A of the California Constitution, an*
37 *oversight board may deny a request made pursuant to paragraph*
38 *(1) in an amount not to exceed the amount of revenues pledged by*
39 *the former redevelopment agency.*

(3) Notwithstanding any other law, for the 2015–16 fiscal year and each fiscal year thereafter, except to the extent an oversight board denies a request as provided by paragraph (2), any revenues derived from the imposition of a property tax rate, approved by the voters of a city or county or special district to make payments in support of the State Water Project and levied in addition to the property tax rate limited by subdivision (a) of Section 1 of Article XIII A of the California Constitution, shall not be allocated to a Redevelopment Property Tax Trust Fund and shall instead be allocated to, and when collected shall be paid into, the fund of the city or county or special district whose voters approved the tax.

(4) Notwithstanding any other law, all allocations of revenues derived from the imposition of a property tax rate, approved by the voters of a city or county or special district to make payments in support of the State Water Project and levied in addition to the property tax rate limited by subdivision (a) of Section 1 of Article XIII A of the California Constitution, made by any county auditor-controller prior to July 1, ____, shall be deemed correct and shall not be affected by this act. A city, county, county auditor-controller, successor agency, or affected taxing entity shall not be subject to any claim for money, damages, or reallocated revenues based on any allocation of such revenues prior to July 1, 2014.

SEC. 3. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

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

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

1 ~~SEC. 2. Section 34171 of the Health and Safety Code is~~
2 ~~amended to read:~~

3 ~~34171. The following terms shall have the following meanings:~~

4 ~~(a) “Administrative budget” means the budget for administrative~~
5 ~~costs of the successor agencies as provided in Section 34177.~~

6 ~~(b) (1) “Administrative cost allowance” means the maximum~~
7 ~~amount of administrative costs that may be paid by a successor~~
8 ~~agency from the Redevelopment Property Tax Trust Fund in a~~
9 ~~fiscal year.~~

10 ~~(2) The administrative cost allowance shall be 5 percent of the~~
11 ~~property tax allocated to the successor agency on the Recognized~~
12 ~~Obligation Payment Schedule covering the period January 1, 2012,~~
13 ~~through June 30, 2012. The administrative cost allowance shall be~~
14 ~~up to 3 percent of the property tax allocated to the Redevelopment~~
15 ~~Obligation Retirement Fund for each fiscal year thereafter ending~~
16 ~~on June 30, 2016. However, the administrative cost allowance~~
17 ~~shall not be less than two hundred fifty thousand dollars (\$250,000)~~
18 ~~in any fiscal year, unless this amount is reduced by the oversight~~
19 ~~board or by agreement with the successor agency.~~

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

33 ~~(4) Notwithstanding paragraph (3), commencing July 1, 2016,~~
34 ~~a successor agency’s annual administrative costs shall not exceed~~
35 ~~50 percent of the total Redevelopment Property Tax Trust Fund~~
36 ~~distributed to pay enforceable obligations in the preceding fiscal~~
37 ~~year. This limitation applies to administrative costs whether paid~~
38 ~~within the administrative cost allowance or not, but does not apply~~
39 ~~to administrative costs paid from bond proceeds or grant funds.~~

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

11 ~~(e) “Designated local authority” shall mean a public entity~~
12 ~~formed pursuant to subdivision (d) of Section 34173.~~

13 ~~(d) (1) “Enforceable obligation” means any of the following:~~

14 ~~(A) Bonds, as defined by Section 33602 and bonds issued~~
15 ~~pursuant to Chapter 10.5 (commencing with Section 5850) of~~
16 ~~Division 6 of Title 1 of the Government Code, including the~~
17 ~~required debt service, reserve set-asides, and any other payments~~
18 ~~required under the indenture or similar documents governing the~~
19 ~~issuance of the outstanding bonds of the former redevelopment~~
20 ~~agency. A reserve may be held when required by the bond~~
21 ~~indenture or when the next property tax allocation will be~~
22 ~~insufficient to pay all obligations due under the provisions of the~~
23 ~~bond for the next payment due in the following half of the calendar~~
24 ~~year.~~

25 ~~(B) Loans of moneys borrowed by the redevelopment agency~~
26 ~~for a lawful purpose, to the extent they are legally required to be~~
27 ~~repaid pursuant to a required repayment schedule or other~~
28 ~~mandatory loan terms.~~

29 ~~(C) Payments required by the federal government, preexisting~~
30 ~~obligations to the state or obligations imposed by state law, other~~
31 ~~than passthrough payments that are made by the county~~
32 ~~auditor-controller pursuant to Section 34183, or legally enforceable~~
33 ~~payments required in connection with the agencies’ employees,~~
34 ~~including, but not limited to, pension payments, pension obligation~~
35 ~~debt service, unemployment payments, or other obligations~~
36 ~~conferred through a collective bargaining agreement. Costs incurred~~
37 ~~to fulfill collective bargaining agreements for layoffs or~~
38 ~~terminations of city employees who performed work directly on~~
39 ~~behalf of the former redevelopment agency shall be considered~~
40 ~~enforceable obligations payable from property tax funds. The~~

1 obligations to employees specified in this subparagraph shall
2 remain enforceable obligations payable from property tax funds
3 for any employee to whom those obligations apply if that employee
4 is transferred to the entity assuming the housing functions of the
5 former redevelopment agency pursuant to Section 34176. The
6 successor agency or designated local authority shall enter into an
7 agreement with the housing entity to reimburse it for any costs of
8 the employee obligations.

9 (D) Judgments or settlements entered by a competent court of
10 law or binding arbitration decisions against the former
11 redevelopment agency, other than passthrough payments that are
12 made by the county auditor-controller pursuant to Section 34183.
13 Along with the successor agency, the oversight board shall have
14 the authority and standing to appeal any judgment or to set aside
15 any settlement or arbitration decision.

16 (E) Any legally binding and enforceable agreement or contract
17 that is not otherwise void as violating the debt limit or public
18 policy. However, nothing in this act shall prohibit either the
19 successor agency, with the approval or at the direction of the
20 oversight board, or the oversight board itself from terminating any
21 existing agreements or contracts and providing any necessary and
22 required compensation or remediation for such termination. Titles
23 of or headings used on or in a document shall not be relevant in
24 determining the existence of an enforceable obligation.

25 (F) Contracts or agreements necessary for the administration or
26 operation of the successor agency, in accordance with this part,
27 including, but not limited to, agreements concerning litigation
28 expenses related to assets or obligations, settlements and
29 judgments, and the costs of maintaining assets prior to disposition,
30 and agreements to purchase or rent office space, equipment and
31 supplies, and pay-related expenses pursuant to Section 33127 and
32 for carrying insurance pursuant to Section 33134. Any legal
33 expenses related to civil actions, including writ proceedings,
34 contesting the validity of Part 1.8 (commencing with Section
35 34161) or Part 1.85 (commencing with Section 34170) or
36 challenging acts taken pursuant to these parts shall only be payable
37 out of the administrative cost allowance.

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

1 ~~this part; provided, however, that the repayment schedule is~~
2 ~~approved by the oversight board. Repayments shall be transferred~~
3 ~~to the Low and Moderate Income Housing Asset Fund established~~
4 ~~pursuant to subdivision (d) of Section 34176 as a housing asset~~
5 ~~and shall be used in a manner consistent with the affordable~~
6 ~~housing requirements of the Community Redevelopment Law (Part~~
7 ~~1 (commencing with Section 33000)). Enforceable obligations~~
8 ~~pursuant to this subparagraph include only amounts borrowed~~
9 ~~from, or payments owing to, the Low and Moderate Income~~
10 ~~Housing Fund of a redevelopment agency pursuant to subdivision~~
11 ~~(k) of Section 33334.2, subdivision (g) of Section 33334.6,~~
12 ~~subdivision (b) of Section 33681.7, subdivision (b) of Section~~
13 ~~33681.9, subdivision (b) of Section 33681.12, subdivision (b) of~~
14 ~~Section 33685, subdivision (c) of Section 33690, or subdivision~~
15 ~~(e) of Section 33690.5, which had been deferred as of the effective~~
16 ~~date of the act adding this part and were approved by the~~
17 ~~department pursuant to paragraph (2) of subdivision (a) of section~~
18 ~~34176. This definition applies retroactively to all enforceable~~
19 ~~obligations recognized under this subparagraph on or after June~~
20 ~~28, 2011.~~

21 ~~(H) Amounts derived from a property tax rate approved by the~~
22 ~~voters of a city, county, city and county, or special district to make~~
23 ~~payments in support of capital projects and programs related to~~
24 ~~the State Water Project, and levied in addition to the property tax~~
25 ~~rate limited by subdivision (a) of Section 1 of Article XIII A of~~
26 ~~the California Constitution, consistent with the use approved by~~
27 ~~the voters of a city, county, city and county, or special district.~~

28 ~~(2) For purposes of this part, "enforceable obligation" does not~~
29 ~~include any agreements, contracts, or arrangements between the~~
30 ~~city, county, or city and county that created the redevelopment~~
31 ~~agency and the former redevelopment agency. However, written~~
32 ~~agreements entered into (A) at the time of issuance, but in no event~~
33 ~~later than December 31, 2010, of indebtedness obligations, and~~
34 ~~(B) solely for the purpose of securing or repaying those~~
35 ~~indebtedness obligations may be deemed enforceable obligations~~
36 ~~for purposes of this part. Additionally, written agreements entered~~
37 ~~into (A) at the time of issuance, but in no event later than June 27,~~
38 ~~2011, of indebtedness obligations for the refunding or refinancing~~
39 ~~of indebtedness obligations that existed prior to January 1, 2011,~~
40 ~~and (B) solely for the purpose of securing or repaying those~~

1 indebtedness obligations may be deemed enforceable obligations
2 for purposes of this part. Notwithstanding this paragraph, loan
3 agreements entered into between the redevelopment agency and
4 the city, county, or city and county that created it, within two years
5 of the date of creation of the redevelopment agency, may be
6 deemed to be enforceable obligations.

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

17 (e) ~~“Indebtedness obligations” means bonds, notes, certificates~~
18 ~~of participation, or other evidence of indebtedness, issued or~~
19 ~~delivered by the redevelopment agency, or by a joint exercise of~~
20 ~~powers authority created by the redevelopment agency, to~~
21 ~~third-party investors or bondholders to finance or refinance~~
22 ~~redevelopment projects undertaken by the redevelopment agency~~
23 ~~in compliance with the Community Redevelopment Law (Part 1~~
24 ~~(commencing with Section 33000)).~~

25 (f) ~~“Oversight board” shall mean each entity established pursuant~~
26 ~~to Section 34179.~~

27 (g) ~~“Recognized obligation” means an obligation listed in the~~
28 ~~Recognized Obligation Payment Schedule.~~

29 (h) ~~“Recognized Obligation Payment Schedule” means the~~
30 ~~document setting forth the minimum payment amounts and due~~
31 ~~dates of payments required by enforceable obligations for each~~
32 ~~six-month fiscal period until June 30, 2016, as provided in~~
33 ~~subdivision (m) of Section 34177. On and after July 1, 2016,~~
34 ~~“Recognized Obligation Payment Schedule” means the document~~
35 ~~setting forth the minimum payment amounts and due dates of~~
36 ~~payments required by enforceable obligations for each fiscal year~~
37 ~~as provided in subdivision (o) of Section 34177.~~

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

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

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

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

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

13 (n) “Sponsoring entity” means the city, county, or city and
14 county, or other entity that authorized the creation of each
15 redevelopment agency.

16 (o) “Final judicial determination” means a final judicial
17 determination made by any state court that is not appealed, or by
18 a court of appellate jurisdiction that is not further appealed, in an
19 action by any party.

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

26 (1) If a local housing authority assumed the housing functions
27 of the former redevelopment agency pursuant to paragraph (2) or
28 (3) of subdivision (b) of Section 34176, then the housing entity
29 administrative cost allowance shall be listed by the successor
30 agency on the Recognized Obligation Payment Schedule. Upon
31 approval of the Recognized Obligation Payment Schedule by the
32 oversight board and the department, the housing entity
33 administrative cost allowance shall be remitted by the successor
34 agency on each January 2 and July 1 to the local housing authority
35 that assumed the housing functions of the former redevelopment
36 agency pursuant to paragraph (2) or (3) of subdivision (b) of
37 Section 34176.

38 (2) If there are insufficient moneys in the Redevelopment
39 Obligations Retirement Fund in a given fiscal year to make the
40 payment authorized by this subdivision, the unfunded amount may

1 ~~be listed on each subsequent Recognized Obligation Payment~~
2 ~~Schedule until it has been paid in full. In these cases the five-year~~
3 ~~time limit on the payments shall not apply.~~

4 ~~SEC. 3. Section 34177 of the Health and Safety Code is~~
5 ~~amended to read:~~

6 ~~34177. Successor agencies are required to do all of the~~
7 ~~following:~~

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

9 ~~(1) On and after February 1, 2012, and until a Recognized~~
10 ~~Obligation Payment Schedule becomes operative, only payments~~
11 ~~required pursuant to an enforceable obligations payment schedule~~
12 ~~shall be made. The initial enforceable obligation payment schedule~~
13 ~~shall be the last schedule adopted by the redevelopment agency~~
14 ~~under Section 34169. However, payments associated with~~
15 ~~obligations excluded from the definition of enforceable obligations~~
16 ~~by paragraph (2) of subdivision (d) of Section 34171 shall be~~
17 ~~excluded from the enforceable obligations payment schedule and~~
18 ~~be removed from the last schedule adopted by the redevelopment~~
19 ~~agency under Section 34169 prior to the successor agency adopting~~
20 ~~it as its enforceable obligations payment schedule pursuant to this~~
21 ~~subdivision. The enforceable obligation payment schedule may~~
22 ~~be amended by the successor agency at any public meeting and~~
23 ~~shall be subject to the approval of the oversight board as soon as~~
24 ~~the board has sufficient members to form a quorum. In recognition~~
25 ~~of the fact that the timing of the California Supreme Court's ruling~~
26 ~~in the case California Redevelopment Association v. Matosantos~~
27 ~~(2011) 53 Cal.4th 231 delayed the preparation by successor~~
28 ~~agencies and the approval by oversight boards of the January 1,~~
29 ~~2012, through June 30, 2012, Recognized Obligation Payment~~
30 ~~Schedule, a successor agency may amend the Enforceable~~
31 ~~Obligation Payment Schedule to authorize the continued payment~~
32 ~~of enforceable obligations until the time that the January 1, 2012,~~
33 ~~through June 30, 2012, Recognized Obligation Payment Schedule~~
34 ~~has been approved by the oversight board and by the department.~~
35 ~~The successor agency may utilize reasonable estimates and~~
36 ~~projections to support payment amounts for enforceable obligations~~
37 ~~if the successor agency submits appropriate supporting~~
38 ~~documentation of the basis for the estimate or projection to the~~
39 ~~Department of Finance and the auditor-controller.~~

1 ~~(2) The department, the county auditor-controller, and the~~
2 ~~Controller shall each have the authority to require any documents~~
3 ~~associated with the enforceable obligations to be provided to them~~
4 ~~in a manner of their choosing. Any taxing entity, the department,~~
5 ~~and the Controller shall each have standing to file a judicial action~~
6 ~~to prevent a violation under this part and to obtain injunctive or~~
7 ~~other appropriate relief.~~

8 ~~(3) Commencing on the date the Recognized Obligation Payment~~
9 ~~Schedule is valid pursuant to subdivision (f), only those payments~~
10 ~~listed in the Recognized Obligation Payment Schedule may be~~
11 ~~made by the successor agency from the funds specified in the~~
12 ~~Recognized Obligation Payment Schedule. In addition, after it~~
13 ~~becomes valid, the Recognized Obligation Payment Schedule shall~~
14 ~~supersede the Statement of Indebtedness, which shall no longer~~
15 ~~be prepared nor have any effect under the Community~~
16 ~~Redevelopment Law (Part 1 (commencing with Section 33000)):~~

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

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

27 ~~(b) Maintain reserves in the amount required by indentures,~~
28 ~~trust indentures, or similar documents governing the issuance of~~
29 ~~outstanding redevelopment agency bonds.~~

30 ~~(c) Perform obligations required pursuant to any enforceable~~
31 ~~obligation.~~

32 ~~(d) Remit unencumbered balances of redevelopment agency~~
33 ~~funds to the county auditor-controller for distribution to the taxing~~
34 ~~entities, including, but not limited to, the unencumbered balance~~
35 ~~of the Low and Moderate Income Housing Fund of a former~~
36 ~~redevelopment agency. In making the distribution, the county~~
37 ~~auditor-controller shall utilize the same methodology for allocation~~
38 ~~and distribution of property tax revenues provided in Section~~
39 ~~34188.~~

1 ~~(e) Dispose of assets and properties of the former redevelopment~~
2 ~~agency as directed by the oversight board; provided, however, that~~
3 ~~the oversight board may instead direct the successor agency to~~
4 ~~transfer ownership of certain assets pursuant to subdivision (a) of~~
5 ~~Section 34181. The disposal is to be done expeditiously and in a~~
6 ~~manner aimed at maximizing value. Proceeds from asset sales and~~
7 ~~related funds that are no longer needed for approved development~~
8 ~~projects or to otherwise wind down the affairs of the agency, each~~
9 ~~as determined by the oversight board, shall be transferred to the~~
10 ~~county auditor-controller for distribution as property tax proceeds~~
11 ~~under Section 34188. The requirements of this subdivision shall~~
12 ~~not apply to a successor agency that has been issued a finding of~~
13 ~~completion by the department pursuant to Section 34179.7.~~

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

18 ~~(g) Effectuate transfer of housing functions and assets to the~~
19 ~~appropriate entity designated pursuant to Section 34176.~~

20 ~~(h) Expeditiously wind down the affairs of the redevelopment~~
21 ~~agency pursuant to the provisions of this part and in accordance~~
22 ~~with the direction of the oversight board.~~

23 ~~(i) Continue to oversee development of properties until the~~
24 ~~contracted work has been completed or the contractual obligations~~
25 ~~of the former redevelopment agency can be transferred to other~~
26 ~~parties. Bond proceeds shall be used for the purposes for which~~
27 ~~bonds were sold unless the purposes can no longer be achieved,~~
28 ~~in which case, the proceeds may be used to defease the bonds.~~

29 ~~(j) Prepare a proposed administrative budget and submit it to~~
30 ~~the oversight board for its approval. The proposed administrative~~
31 ~~budget shall include all of the following:~~

32 ~~(1) Estimated amounts for successor agency administrative costs~~
33 ~~for the upcoming six-month fiscal period.~~

34 ~~(2) Proposed sources of payment for the costs identified in~~
35 ~~paragraph (1).~~

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

38 ~~(k) Provide administrative cost estimates, from its approved~~
39 ~~administrative budget that are to be paid from property tax revenues~~

1 deposited in the Redevelopment Property Tax Trust Fund, to the
2 county auditor-controller for each six-month fiscal period:

3 ~~(l) (1) Before each fiscal period set forth in subdivision (m) or~~
4 ~~(o), as applicable, prepare a Recognized Obligation Payment~~
5 ~~Schedule in accordance with the requirements of this paragraph.~~
6 ~~For each recognized obligation, the Recognized Obligation~~
7 ~~Payment Schedule shall identify one or more of the following~~
8 ~~sources of payment:~~

9 ~~(A) Low and Moderate Income Housing Fund.~~

10 ~~(B) Bond proceeds.~~

11 ~~(C) Reserve balances.~~

12 ~~(D) Administrative cost allowance.~~

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

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

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

23 ~~(A) A Recognized Obligation Payment Schedule is prepared~~
24 ~~by the successor agency for the enforceable obligations of the~~
25 ~~former redevelopment agency. The initial schedule shall project~~
26 ~~the dates and amounts of scheduled payments for each enforceable~~
27 ~~obligation for the remainder of the time period during which the~~
28 ~~redevelopment agency would have been authorized to obligate~~
29 ~~property tax increment had the a redevelopment agency not been~~
30 ~~dissolved.~~

31 ~~(B) The Recognized Obligation Payment Schedule is submitted~~
32 ~~to and duly approved by the oversight board. The successor agency~~
33 ~~shall submit a copy of the Recognized Obligation Payment~~
34 ~~Schedule to the county administrative officer, the county~~
35 ~~auditor-controller, and the department at the same time that the~~
36 ~~successor agency submits the Recognized Obligation Payment~~
37 ~~Schedule to the oversight board for approval.~~

38 ~~(C) A copy of the approved Recognized Obligation Payment~~
39 ~~Schedule is submitted to the county auditor-controller, the~~

1 Controller's office, and the Department of Finance, and is posted
2 on the successor agency's Internet Web site.

3 ~~(3) The Recognized Obligation Payment Schedule shall be~~
4 ~~forward looking to the next six months or one year pursuant to~~
5 ~~subdivision (m) or (o), as applicable. The first Recognized~~
6 ~~Obligation Payment Schedule shall be submitted to the Controller's~~
7 ~~office and the department by April 15, 2012, for the period of~~
8 ~~January 1, 2012, to June 30, 2012, inclusive. This Recognized~~
9 ~~Obligation Payment Schedule shall include all payments made by~~
10 ~~the former redevelopment agency between January 1, 2012, through~~
11 ~~January 31, 2012, and shall include all payments proposed to be~~
12 ~~made by the successor agency from February 1, 2012, through~~
13 ~~June 30, 2012. Former redevelopment agency enforceable~~
14 ~~obligation payments due, and reasonable or necessary~~
15 ~~administrative costs due or incurred, prior to January 1, 2012, shall~~
16 ~~be made from property tax revenues received in the spring of 2011~~
17 ~~property tax distribution, and from other revenues and balances~~
18 ~~transferred to the successor agency.~~

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

1 as to the outcome of its review at least 15 days before the date of
2 property tax distribution.

3 ~~(1) The successor agency shall submit a copy of the Recognized~~
4 ~~Obligation Payment Schedule to the department electronically,~~
5 ~~and the successor agency shall complete the Recognized Obligation~~
6 ~~Payment Schedule in the manner provided for by the department.~~
7 ~~A successor agency shall be in noncompliance with this paragraph~~
8 ~~if it only submits to the department an electronic message or a~~
9 ~~letter stating that the oversight board has approved a Recognized~~
10 ~~Obligation Payment Schedule.~~

11 ~~(2) If a successor agency does not submit a Recognized~~
12 ~~Obligation Payment Schedule by the deadlines provided in this~~
13 ~~subdivision, the city, county, or city and county that created the~~
14 ~~redevelopment agency, if it is acting as the successor agency, shall~~
15 ~~be subject to a civil penalty equal to ten thousand dollars (\$10,000)~~
16 ~~per day for every day the schedule is not submitted to the~~
17 ~~department. The civil penalty shall be paid to the county~~
18 ~~auditor-controller for allocation to the taxing entities under Section~~
19 ~~34183. If a successor agency fails to submit a Recognized~~
20 ~~Obligation Payment Schedule by the deadline, any creditor of the~~
21 ~~successor agency or the Department of Finance or any affected~~
22 ~~taxing entity shall have standing to and may request a writ of~~
23 ~~mandate to require the successor agency to immediately perform~~
24 ~~this duty. Those actions may be filed only in the County of~~
25 ~~Sacramento and shall have priority over other civil matters.~~
26 ~~Additionally, if an agency does not submit a Recognized Obligation~~
27 ~~Payment Schedule within 10 days of the deadline, the maximum~~
28 ~~administrative cost allowance for that period shall be reduced by~~
29 ~~25 percent.~~

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

1 affected taxing entities in accordance with paragraph (4) of
2 subdivision (a) of Section 34183 upon notice by the department
3 that a portion of the withheld balances are in excess of the amount
4 of enforceable obligations. The county auditor-controller shall
5 distribute withheld funds to the successor agency only in
6 accordance with a Recognized Obligation Payment Schedule
7 approved by the department. County auditor-controllers shall lack
8 the authority to withhold any other amounts from the allocations
9 provided for under Section 34183 or 34188 unless required by a
10 court order.

11 (4) (A) The Recognized Obligation Payment Schedule payments
12 required pursuant to this subdivision may be scheduled beyond
13 the existing Recognized Obligation Payment Schedule cycle upon
14 a showing that a lender requires cash on hand beyond the
15 Recognized Obligation Payment Schedule cycle.

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

23 (C) A Recognized Obligation Payment Schedule may also
24 include appropriation of moneys from bonds subject to passage
25 during the Recognized Obligation Payment Schedule cycle when
26 an enforceable obligation requires the agency to issue the bonds
27 and use the proceeds to pay for project expenditures.

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

31 (o) On and after January 1, 2016, commencing with the
32 Recognized Obligation Payment Schedule covering the period
33 from July 1, 2016, to June 30, 2017, inclusive, and for each July
34 1 to June 30, inclusive, thereafter, a successor agency shall submit
35 an oversight board-approved Recognized Obligation Payment
36 Schedule to the department and to the county auditor-controller
37 no later than February 1, 2016, and each February 1 thereafter.
38 The department shall make its determination of the enforceable
39 obligations and the amounts and funding sources of the enforceable
40 obligations no later than April 15, 2016, and each April 15

1 thereafter. Within five business days of the department's
2 determination, a successor agency may request additional review
3 by the department and an opportunity to meet and confer on
4 disputed items, except for those items which are the subject of
5 litigation disputing the department's previous or related
6 determination. An untimely submittal of a Recognized Obligation
7 Payment Schedule may result in a meet and confer period of less
8 than 30 days. The department shall notify the successor agency
9 and the county auditor-controller as to the outcome of its review
10 at least 15 days before the date of the first property tax distribution
11 for that period.

12 (1) The successor agency shall submit a copy of the Recognized
13 Obligation Payment Schedule to the department in the manner
14 provided for by the department.

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

33 (3) If a successor agency fails to submit to the department an
34 oversight board-approved Recognized Obligation Payment
35 Schedule that complies with all requirements of this subdivision
36 within five business days of the date upon which the Recognized
37 Obligation Payment Schedule is to be used to determine the amount
38 of property tax allocations, the department may determine if any
39 amount should be withheld by the county auditor-controller for
40 payments for enforceable obligations from distribution to taxing

1 entities, pending approval of a Recognized Obligation Payment
2 Schedule. The county auditor-controller shall distribute the portion
3 of any of the sums withheld pursuant to this paragraph to the
4 affected taxing entities in accordance with paragraph (4) of
5 subdivision (a) of Section 34183 upon notice by the department
6 that a portion of the withheld balances are in excess of the amount
7 of enforceable obligations. The county auditor-controller shall
8 distribute withheld funds to the successor agency only in
9 accordance with a Recognized Obligation Payment Schedule
10 approved by the department. County auditor-controllers do not
11 have the authority to withhold any other amounts from the
12 allocations provided for under Section 34183 or 34188 except as
13 required by a court order.

14 (4) (A) The Recognized Obligation Payment Schedule payments
15 required pursuant to this subdivision may be scheduled beyond
16 the existing Recognized Obligation Payment Schedule cycle upon
17 a showing that a lender requires cash on hand beyond the
18 Recognized Obligation Payment Schedule cycle.

19 (B) When a payment is shown to be due during the Recognized
20 Obligation Payment Schedule period, but an invoice or other billing
21 document has not yet been received, the successor agency may
22 utilize reasonable estimates and projections to support payment
23 amounts for enforceable obligations if the successor agency submits
24 appropriate supporting documentation of the basis for the estimate
25 or projection to the department and the county auditor-controller.

26 (C) A Recognized Obligation Payment Schedule may also
27 include a request to use proceeds from bonds expected to be issued
28 during the Recognized Obligation Payment Schedule cycle when
29 an enforceable obligation requires the agency to issue the bonds
30 and use the proceeds to pay for project expenditures.

31 (5) Once per Recognized Obligation Payment Schedule period,
32 and no later than October 1, a successor agency may submit one
33 amendment to the Recognized Obligation Payment Schedule
34 approved by the department pursuant to this subdivision, if the
35 oversight board makes a finding that a revision is necessary for
36 the payment of approved enforceable obligations during the second
37 one-half of the Recognized Obligation Payment Schedule period,
38 which shall be defined as January 1 to June 30, inclusive. A
39 successor agency may only amend the amount requested for
40 payment of approved enforceable obligations. The revised

1 ~~Recognized Obligation Payment Schedule shall be approved by~~
2 ~~the oversight board and submitted to the department by electronic~~
3 ~~means in a manner of the department's choosing. The department~~
4 ~~shall notify the successor agency and the county auditor-controller~~
5 ~~as to the outcome of the department's review at least 15 days before~~
6 ~~the date of the property tax distribution.~~

7 ~~SEC. 4. Section 34191.6 is added to the Health and Safety~~
8 ~~Code, to read:~~

9 ~~34191.6. (a) Beginning August 1, 2015, successor agencies~~
10 ~~may submit a Last and Final Recognized Obligation Payment~~
11 ~~Schedule for approval by the oversight board and the department~~
12 ~~if all of the following conditions are met:~~

13 ~~(1) The remaining debt of a successor agency is limited to~~
14 ~~administrative costs and payments pursuant to enforceable~~
15 ~~obligations with defined payment schedules including, but not~~
16 ~~limited to, debt service, loan agreements, and contracts.~~

17 ~~(2) All remaining obligations have been previously listed on a~~
18 ~~Recognized Obligation Payment Schedule and approved for~~
19 ~~payment by the department pursuant to subdivision (m) or (o) of~~
20 ~~Section 34177.~~

21 ~~(3) The successor agency is not a party to outstanding or~~
22 ~~unresolved litigation.~~

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

38 ~~(1) The Last and Final Recognized Obligation Payment Schedule~~
39 ~~shall list the remaining enforceable obligations of the successor~~
40 ~~agency in the following order:~~

1 ~~(A) Enforceable obligations to be funded from the~~
2 ~~Redevelopment Property Tax Trust Fund.~~

3 ~~(B) Enforceable obligations to be funded from bond proceeds~~
4 ~~or enforceable obligations required to be funded from other legally~~
5 ~~or contractually dedicated or restricted funding sources.~~

6 ~~(C) Loans or deferrals authorized for repayment pursuant to~~
7 ~~subparagraph (G) of paragraph (1) of subdivision (d) of Section~~
8 ~~34171 or Section 34191.4.~~

9 ~~(2) The Last and Final Recognized Obligation Payment Schedule~~
10 ~~shall include the total outstanding obligation and a schedule of~~
11 ~~remaining payments for each enforceable obligation listed pursuant~~
12 ~~to subparagraphs (A) and (B) of paragraph (1), and the total~~
13 ~~outstanding obligation and interest rate, not to exceed 2 percent,~~
14 ~~for loans or deferrals listed pursuant to subparagraph (C) of~~
15 ~~paragraph (1).~~

16 ~~(e) The department shall have 100 days to review the Last and~~
17 ~~Final Recognized Obligation Payment Schedule submitted pursuant~~
18 ~~to subdivision (b). The department may make any amendments or~~
19 ~~changes to the Last and Final Recognized Obligation Payment~~
20 ~~Schedule, provided the amendments or changes are agreed to by~~
21 ~~the successor agency in writing. If the successor agency and the~~
22 ~~department cannot come to an agreement on the proposed~~
23 ~~amendments or changes, the department shall issue a letter denying~~
24 ~~the Last and Final Recognized Obligation Payment Schedule. All~~
25 ~~Last and Final Recognized Obligation Payment Schedules approved~~
26 ~~by the Department shall become effective on the first day of the~~
27 ~~subsequent Redevelopment Property Tax Trust Fund distribution~~
28 ~~period.~~

29 ~~(1) Upon approval by the department, the Last and Final~~
30 ~~Recognized Obligation Payment Schedule shall establish the~~
31 ~~maximum amount of Redevelopment Property Tax Trust Funds~~
32 ~~to be distributed to the successor agency for each remaining fiscal~~
33 ~~year until all obligations have been fully paid.~~

34 ~~(2) Successor agencies may submit no more than two requests~~
35 ~~to the department to amend the approved Last and Final~~
36 ~~Recognized Obligation Payment Schedule. Requests shall first be~~
37 ~~approved by the oversight board and then submitted to the~~
38 ~~department for review. A request shall not be effective until~~
39 ~~reviewed and approved by the department. The request shall be~~
40 ~~provided to the department by electronic means and in a manner~~

1 of the department's choosing. The department shall have 100 days
2 from the date received to approve or deny the successor agency's
3 request.

4 (3) ~~Any revenues, interest, and earnings of the successor agency~~
5 ~~not authorized for use pursuant to the approved Last and Final~~
6 ~~Recognized Obligation Payment Schedule shall be remitted to the~~
7 ~~county auditor-controller for distribution to the affected taxing~~
8 ~~entities. Notwithstanding Sections 34191.3 and 34191.5, proceeds~~
9 ~~from the disposition of real property subsequent to the approval~~
10 ~~of the Last and Final Recognized Obligation Payment Schedule~~
11 ~~that are not necessary for the payment of an enforceable obligation~~
12 ~~shall be remitted to the county auditor-controller for distribution~~
13 ~~to the affected taxing entities.~~

14 (4) ~~A successor agency shall not expend more than the amount~~
15 ~~approved for each enforceable obligation listed and approved on~~
16 ~~the Last and Final Recognized Obligation Payment Schedule.~~

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

35 (6) ~~Notwithstanding paragraph (6) of subdivision (e) of Section~~
36 ~~34176 and subparagraph (A) of paragraph (2) of subdivision (b)~~
37 ~~of Section 34191.4, commencing on the date the Last and Final~~
38 ~~Recognized Obligation Payment Schedule becomes effective:~~

39 (A) ~~Loan or deferrals authorized for repayment pursuant to~~
40 ~~subparagraph (G) of paragraph (1) of subdivision (d) of Section~~

1 ~~34171 or Section 34191.4 and listed and approved on the Last and~~
2 ~~Final Recognized Obligation Payment Schedule, shall be~~
3 ~~recalculated to accrue annual simple interest not to exceed 2~~
4 ~~percent.~~

5 (B) ~~The maximum repayment amount of the total principal and~~
6 ~~interest on loans and deferrals authorized for repayment pursuant~~
7 ~~to subparagraph (G) of paragraph (1) of subdivision (d) of Section~~
8 ~~34171 or Section 34191.4 and listed and approved in the Last and~~
9 ~~Final Recognized Obligation Payment Schedule shall be 15 percent~~
10 ~~of the moneys remaining in the Redevelopment Property Tax Trust~~
11 ~~Fund after the allocation of moneys in each six-month period~~
12 ~~pursuant to Section 34183 prior to the distributions under paragraph~~
13 ~~(4) of subdivision (a) of Section 34183.~~

14 (7) ~~Commencing on the effective date of the approved Last and~~
15 ~~Final Recognized Obligation Payment Schedule, the successor~~
16 ~~agency shall not prepare or transmit Recognized Obligation~~
17 ~~Payment Schedules pursuant to Section 34177.~~

18 (8) ~~Commencing on the effective date of the approved Last and~~
19 ~~Final Recognized Obligation Payment Schedule, oversight board~~
20 ~~resolutions shall not be submitted to the department pursuant to~~
21 ~~subdivision (h) of Section 34179. This paragraph shall not apply~~
22 ~~to oversight board resolutions necessary for refunding bonds~~
23 ~~pursuant to Section 34177.5, long-range property management~~
24 ~~plans pursuant to Section 34191.5, amendments to the Last and~~
25 ~~Final Recognized Obligation Payment Schedule under paragraph~~
26 ~~(2) of subdivision (c), and the final oversight board resolutions~~
27 ~~pursuant to Section 34187.~~

28 (d) ~~The county auditor-controller shall do the following:~~

29 (1) ~~Review the Last and Final Recognized Obligation Payment~~
30 ~~Schedule and provide any objection to the inclusion of any items~~
31 ~~or amounts to the department.~~

32 (2) ~~After the Last and Final Recognized Obligation Payment~~
33 ~~Schedule is approved by the department, the county~~
34 ~~auditor-controller shall continue to allocate moneys in the~~
35 ~~Redevelopment Property Tax Trust Fund pursuant to Section~~
36 ~~34183. However, the allocation from the Redevelopment Property~~
37 ~~Tax Trust Fund in each fiscal period, after deducting~~
38 ~~auditor-controller administrative costs, shall be according to the~~
39 ~~following order of priority:~~

1 ~~(A) Allocations pursuant to paragraph (1) of subdivision (a) of~~
2 ~~Section 34183.~~

3 ~~(B) Debt service payments scheduled to be made for tax~~
4 ~~allocation bonds that are listed and approved in the Last and Final~~
5 ~~Recognized Obligation Payment Schedule.~~

6 ~~(C) Payments scheduled to be made on revenue bonds that are~~
7 ~~listed and approved in the Last and Final Recognized Obligation~~
8 ~~Payment Schedule, but only to the extent the revenues pledged for~~
9 ~~them are insufficient to make the payments and only if the agency's~~
10 ~~tax increment revenues were also pledged for the repayment of~~
11 ~~bonds.~~

12 ~~(D) Payments scheduled for debts and obligations listed and~~
13 ~~approved in the Last and Final Recognized Obligation Payment~~
14 ~~Schedule to be paid from the Redevelopment Property Tax Trust~~
15 ~~Fund pursuant to subparagraph (A) of paragraph (1) of subdivision~~
16 ~~(b) and subdivision (c).~~

17 ~~(E) Payments listed and approved pursuant to subparagraph (A)~~
18 ~~of paragraph (1) of subdivision (b) and subdivision (c) that were~~
19 ~~authorized but unfunded in prior periods.~~

20 ~~(F) Repayment in the amount specified in paragraph (6) of~~
21 ~~subdivision (c) of loans and deferrals listed and approved on the~~
22 ~~Last and Final Recognized Obligation Payment Schedule pursuant~~
23 ~~to subparagraph (C) of paragraph (1) of subdivision (b) and~~
24 ~~subdivision (c).~~

25 ~~(G) Any moneys remaining in the Redevelopment Property Tax~~
26 ~~Trust Fund after the payments and transfers authorized by~~
27 ~~subparagraphs (A) to (F), inclusive, shall be distributed to taxing~~
28 ~~entities in accordance with Section 34188.~~

29 ~~(3) If the successor agency reports to the county~~
30 ~~auditor-controller that the total available amounts in the~~
31 ~~Redevelopment Property Tax Trust Fund will be insufficient to~~
32 ~~fund their current or future fiscal year obligations, and if the county~~
33 ~~auditor-controller concurs that there are insufficient funds to pay~~
34 ~~the required obligations, the county auditor-controller may~~
35 ~~distribute funds pursuant to subdivision (b) of Section 34183.~~

36 ~~(4) The county auditor-controller shall no longer distribute~~
37 ~~property tax to the Redevelopment Property Tax Trust Fund once~~
38 ~~the aggregate amount of property tax allocated to the successor~~
39 ~~agency equals the total outstanding obligation approved in the Last~~
40 ~~and Final Recognized Obligation Payment Schedule.~~

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

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

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

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

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