

AMENDED IN SENATE JUNE 6, 2016
AMENDED IN ASSEMBLY APRIL 11, 2016
AMENDED IN ASSEMBLY APRIL 5, 2016
AMENDED IN ASSEMBLY MARCH 17, 2016
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2032

Introduced by Assembly Member Linder

February 16, 2016

An act to amend Sections 56804, 56816, 57405, and 57412 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2032, as amended, Linder. Change of organization: cities: disincorporation.

(1) Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, requires the executive officer of a local agency formation commission to prepare a comprehensive fiscal analysis for any proposal that includes a disincorporation, as specified. Existing law requires the comprehensive fiscal analysis to include, among other things, a review and documentation of specified costs associated with the proposed disincorporation.

This bill would additionally require the comprehensive fiscal analysis to include a review and documentation of all current and long-term liabilities of the city proposed for disincorporation and the potential financing mechanism or mechanisms to address any identified shortfalls and obligations, as specified.

(2) The act states the intent of the Legislature that a proposal that includes a disincorporation of a city result in a determination that the debt or contractual obligations and responsibilities of the city being disincorporated be the responsibility of the same territory for repayment. To ascertain this information, the act requires the city being disincorporated to provide a written statement that includes specified information relating to its debts and contractual obligations.

This bill would additionally require that statement to include the amount of any assessment due the city that is unpaid or uncollected.

(3) The act requires the county tax collector to collect a tax that has been levied by the disincorporated city that remains uncollected.

This bill would additionally require the county tax collector to collect an assessment that has been levied by the disincorporated city that remains uncollected. By imposing new duties on local officials, this bill would impose a state-mandated local program.

(4) The act requires the board of supervisors to provide for the collection of debts due to a city being disincorporated and to wind up its affairs, as specified.

This bill would instead require the governing board of the successor to provide for the collection of debts due to the city and to wind up its affairs, as specified.

(5) 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. Section 56804 of the Government Code is
2 amended to read:
3 56804. For any proposal that includes a disincorporation, the
4 executive officer shall prepare, or cause to be prepared by contract,
5 a comprehensive fiscal analysis. This analysis shall become part
6 of the report required pursuant to Section 56665. Data used for the
7 analysis shall be from the most recent fiscal year for which data

1 is available, preceding the issuances of the certificate of filing.
2 When data requested by the executive officer in the notice to
3 affected agencies, pursuant to paragraph (2) of subdivision (b) of
4 Section 56658, is unavailable, the analysis shall document the
5 source and methodology of the data used. The analysis shall review
6 and document each of the following:

7 (a) The direct and indirect costs incurred by the city proposed
8 for disincorporation for providing public services during the three
9 fiscal years immediately preceding the submittal of the proposal
10 for disincorporation.

11 (b) The direct and indirect costs incurred by the city proposed
12 for disincorporation for current and proposed capital improvements,
13 facilities, assets, and infrastructure.

14 (c) The sources of funding, if any, available to the entities
15 proposed to assume the obligations of the city proposed for
16 disincorporation.

17 (d) The anticipated costs, including all direct and indirect costs,
18 to the entities proposed to assume the obligations of the city
19 proposed for disincorporation in the provision of services to the
20 area proposed for disincorporation.

21 (e) When determining costs, the executive officer shall also
22 include all direct and indirect costs of any public services that are
23 proposed to be transferred to state agencies for delivery.

24 (f) The revenues of the city proposed for disincorporation during
25 the three fiscal years immediately preceding the initiation of the
26 disincorporation proposal.

27 (g) All current and long-term liabilities, including, but not
28 limited to, debt obligations, of the city proposed for
29 disincorporation, including the balance of the restricted and
30 unrestricted funds available to extinguish the obligations and
31 liabilities.

32 (h) The potential financing mechanism or mechanisms to address
33 any shortfalls and obligations for those responsibilities identified
34 in this section, including, but not limited to, taxes or assessments.

35 (i) Any other information and analysis needed to make the
36 findings required by Section 56770.

37 SEC. 2. Section 56816 of the Government Code is amended
38 to read:

39 56816. (a) It is the intent of the Legislature that any proposal
40 that includes the disincorporation of a city result in a determination

1 that the debt or contractual obligations and responsibilities of the
2 city being disincorporated shall be the responsibility of that same
3 territory for repayment. To ascertain this information, the city shall
4 provide a written statement that determines and certifies all of the
5 following to the commission prior to the issuance of a certificate
6 of filing for a disincorporation proposal, pursuant to Sections 56651
7 and 56658:

- 8 (1) The indebtedness of the city.
- 9 (2) The amount of money in the city’s treasury.
- 10 (3) The amount of any tax levy, assessment, or other obligation
11 due to the city that is unpaid or has not been collected.

12 (4) The amount of current and future liabilities, both internal
13 debt owed to other special or restricted funds or enterprise funds
14 within the agency and external debt owed to other public agencies
15 or outside lenders or that results from contractual obligations,
16 which may include contracts for goods or services, retirement
17 obligations, actuarially determined unfunded pension liability of
18 all classes in a public retirement system, including any
19 documentation related to the termination of public retirement
20 contract provisions, and the liability for other postemployment
21 benefits. The information required by this paragraph shall include
22 any associated revenue stream for financing that may be or has
23 been committed to that liability, including employee contributions.

24 (b) The city shall provide a written statement identifying the
25 successor agency to the city’s former redevelopment agency, if
26 any, pursuant to Section 34173 of the Health and Safety Code.

27 SEC. 3. Section 57405 of the Government Code is amended
28 to read:

29 57405. If a tax or assessment has been levied by the
30 disincorporated city and remains uncollected, the county tax
31 collector shall collect it when due and pay it into the county
32 treasury on behalf of the designated successor agency or county
33 to wind up the affairs of the disincorporated city.

34 SEC. 4. Section 57412 of the Government Code is amended
35 to read:

36 57412. The governing body of the successor shall provide for
37 collection of debts due the city and wind up its affairs. Upon an
38 order by the commission, the appropriate officer of the successor
39 shall perform any act necessary for winding up the city affairs,

1 with the same effect as if it had been performed by the proper city
2 officer.

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

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