

AMENDED IN ASSEMBLY JUNE 28, 1999

AMENDED IN SENATE APRIL 19, 1999

AMENDED IN SENATE MARCH 25, 1999

**SENATE BILL**

**No. 207**

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**Introduced by Senator Peace**

January 20, 1999

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An act to add Chapter 2.9 (commencing with Section 53398) to Part 1 of Division 2 of Title 5 of the Government Code, relating to ~~local agency borrowing~~ *infrastructure financing districts*.

LEGISLATIVE COUNSEL'S DIGEST

SB 207, as amended, Peace. Infrastructure financing districts: border zone.

(1) Under existing law, redevelopment agencies are authorized to pay the principal of, and interest on, indebtedness incurred to finance or refinance redevelopment, from a portion of property tax revenues diverted from other taxing agencies. The portion of taxes diverted is the amount attributable to increases in assessed valuation of property in the redevelopment project area subsequent to establishment thereof. This method of financing is commonly known as "tax increment" financing and is specifically authorized by Section 16 of Article XVI of the California Constitution.

Existing law also authorizes counties and cities to form infrastructure financing districts, in accordance with a

prescribed procedure, to finance public capital facilities utilizing a similar method of tax increment financing.

This bill would similarly authorize counties and cities to create infrastructure financing districts in the border development zone, as defined, to finance public works in the Mexican border region.

Because county officers would be responsible for the division of taxes under the bill, the bill would impose a state-mandated local program in the case of districts formed by cities, but the bill would require all infrastructure financing districts to reimburse those county costs.

(2) 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, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

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. Chapter 2.9 (commencing with Section  
2 53398) is added to Part 1 of Division 2 of Title 5 of the  
3 Government Code, to read:

4

5 CHAPTER 2.9. INFRASTRUCTURE FINANCING DISTRICTS IN  
6 THE BORDER DEVELOPMENT ZONE

7

8 Article 1. General Provisions

9

10 53398. (a) The Legislature finds and declares that  
11 the North American Free Trade Agreement has resulted  
12 in a dramatic increase in trade with Mexico. In 1998



1 companies in California exported over \$13.3 billion worth  
2 of goods to Mexico, and more than 80,000 jobs throughout  
3 the state are the direct result of this trade. This increased  
4 trade has strained the inadequate public infrastructure in  
5 the region just north of the international border.

6 (b) The Legislature further finds and declares that  
7 there is a significant opportunity for industrial  
8 development, including high technology and  
9 biotechnology manufacturing, in the region along the  
10 border. However, this region lacks the public  
11 infrastructure necessary to support new development or  
12 to provide for the rapid and reliable delivery of supplies  
13 to, and distribution of products from, companies  
14 throughout the state.

15 (c) The Legislature finds and declares that the state  
16 and federal governments have withdrawn in whole or in  
17 part from their former role in financing ~~major, regional,~~  
18 ~~or communitywide infrastructure, including highways~~  
19 ~~and interchanges, sewage treatment and water~~  
20 *infrastructure facilities, including highways, roads and*  
21 *interchanges, sewage facilities and water* reclamation  
22 works, water supply and treatment works, flood control  
23 and drainage works, schools, libraries, parks, parking  
24 facilities, open space, and seismic retrofit and  
25 rehabilitation of public facilities.

26 (d) The Legislature further finds and declares that the  
27 methods available to local agencies to finance public  
28 works often place an undue and unfair burden on buyers  
29 of new homes, especially for public works that benefit the  
30 broader community.

31 (e) The Legislature further finds and declares that the  
32 absence of practical and equitable methods for financing  
33 both regional and local public works leads to a declining  
34 standard of public works, a failure to construct new public  
35 works needed to support new commercial and industrial  
36 development in the region along the border, a reduced  
37 quality of life and decreased safety for affected citizens,  
38 increased objection to otherwise desirable development,  
39 and excessive costs for homebuyers.



1 (f) The Legislature further finds and declares that it is  
2 equitable and in the public interest to provide alternative  
3 procedures for financing public works and services  
4 needed to support new commercial and industrial  
5 development in the region along the border that would  
6 generate significant new employment opportunities.

7 53398.1. Unless the context otherwise requires, the  
8 definitions contained in this article shall govern the  
9 construction of this chapter.

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

17 (b) “Border development zone” means a strip of land  
18 three miles wide with the international border with  
19 Mexico on the south, the mean high tide of the Pacific  
20 Ocean on the west, and the border with the State of  
21 Arizona on the east.

22 (c) “City” means a city, a county, or a city and county.

23 (d) “Debt” means any binding obligation to repay a  
24 sum of money, including obligations in the form of bonds,  
25 certificates of participation, long-term leases, loans from  
26 government agencies, or loans from banks, other  
27 financial institutions, private businesses, or individuals.

28 (e) “Designated official” means the city engineer or  
29 other appropriate official designated pursuant to Section  
30 53398.13.

31 (f) “District” means an infrastructure financing  
32 district located in the border development zone.

33 (g) “Infrastructure financing district” means a legally  
34 constituted governmental entity established pursuant to  
35 this chapter for the sole purpose of financing public  
36 facilities.

37 (h) “Landowner” or “owner of land” means any  
38 person shown as the owner of land on the last equalized  
39 assessment roll or otherwise known to be the owner of the  
40 land by the legislative body. The legislative body has no



1 obligation to obtain other information as to the ownership  
2 of land, and its determination of ownership shall be final  
3 and conclusive for the purposes of this chapter. A public  
4 agency is not a landowner or owner of land for purposes  
5 of this chapter.

6 (i) “Legislative body” means the city council or board  
7 of supervisors.

8 53398.2. (a) The revenues available pursuant to  
9 Article 3 (commencing with Section 53398.30) may be  
10 used directly for work allowed pursuant to Section  
11 53398.3 (including use as matching funds to accomplish  
12 this work), may be accumulated for a period not to  
13 exceed five years to provide a fund for that work, may be  
14 pledged to pay the principal of, and interest on, bonds  
15 issued pursuant to Article 4 (commencing with Section  
16 53398.40), or may be pledged to pay the principal of, and  
17 interest on, bonds issued pursuant to the Improvement  
18 Bond Act of 1915 (Division 10 (commencing with Section  
19 8500) of the Streets and Highways Code) or the  
20 Mello-Roos Community Facilities Act of 1982 (Chapter  
21 2.5 (commencing with Section 53311)), the proceeds of  
22 which have been or will be used entirely for allowable  
23 purposes of the district. The revenue of the district may  
24 also be advanced for allowable purposes of the district to  
25 an Integrated Financing District established pursuant to  
26 Chapter 1.5 (commencing with Section 53175), in which  
27 case the district may be party to a reimbursement  
28 agreement established pursuant to that chapter. The  
29 revenues of the district may also be committed to paying  
30 for any completed public facility acquired pursuant to  
31 Section 53398.3 over a period of time, including the  
32 payment of a rate of interest not to exceed the bond buyer  
33 index rate on the day that the agreement to repay is  
34 entered into by the city.

35 (b) The legislative body may enter into an agreement  
36 with any affected taxing entity providing for the  
37 construction of, or assistance in, financing public facilities.

38 53398.3. (a) A district may finance (1) the purchase,  
39 construction, expansion, improvement, seismic retrofit,  
40 or rehabilitation of any real or other tangible property



1 with an estimated useful life of 15 years or longer that  
2 satisfies the requirements of subdivision (b), (2) ~~may~~  
3 ~~finance~~ *the* planning and design work that is directly  
4 related to the purchase, construction, expansion, or  
5 rehabilitation of that property, and (3) the costs  
6 described in Sections 53398.5 and 53398.31. A district may  
7 only finance the purchase of facilities for which  
8 construction has been completed, as determined by the  
9 legislative body. The facilities need not be physically  
10 located within the boundaries of the district. A district  
11 may not finance routine maintenance, repair work, or the  
12 costs of ongoing operation or providing services of any  
13 kind.

14 (b) The district shall finance only public capital  
15 facilities ~~of communitywide significance~~, that provide  
16 significant benefits to ~~an area larger than~~ the area of the  
17 ~~district border development zone~~, including, but not  
18 limited to, all of the following:

19 ~~(1) Highways, interchanges, ramps and bridges,~~  
20 ~~arterial streets, parking facilities, and transit facilities.~~

21 *(1) Highways, interchanges, ramps and bridges, major*  
22 *and minor arterial streets, major and minor collector*  
23 *streets, parking facilities, and transit facilities. Phased*  
24 *road widening projects shall also be permitted.*

25 (2) Sewage collection, pumping, treatment and water  
26 reclamation plants and interceptor pipes.

27 (3) Facilities for the collection and treatment of water  
28 for urban uses.

29 (4) Flood control levees and dams, retention basins,  
30 and drainage ~~channels~~ *facilities*.

31 (5) Child care facilities.

32 (6) Libraries.

33 (7) Parks, recreational facilities, and open space.

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

36 (c) Any district that constructs dwelling units shall set  
37 aside not less than 20 percent of those units to increase  
38 and improve the community's supply of low- and  
39 moderate-income housing available at an affordable  
40 housing cost, as defined by Section 50052.5 of the Health



1 and Safety Code, to persons and families of low and  
2 moderate income, as defined in Section 50093 of the  
3 Health and Safety Code.

4 53398.4. (a) A district may not include any portion of  
5 a redevelopment project area that is or has been  
6 previously created pursuant to Part 1 (commencing with  
7 Section 33000) of Division 24 of the Health and Safety  
8 Code, whether the creation is or was proper or improper.  
9 A redevelopment project area may not include any  
10 portion of a district created pursuant to this chapter.

11 (b) A district may finance only the facilities or services  
12 authorized in this chapter to the extent that the facilities  
13 or services are in addition to those provided in the  
14 territory of the district before the district was created.  
15 The additional facilities or services may not supplant  
16 facilities or services already available within that territory  
17 when the district was created but may supplement those  
18 facilities and services as needed to serve new  
19 developments.

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

22 53398.5. It is the intent of the Legislature that the area  
23 of the districts created be substantially undeveloped, and  
24 the establishment of a district should not ordinarily lead  
25 to the removal of existing dwelling units. If, however, any  
26 dwelling units are proposed to be removed or destroyed  
27 in the course of private development or public works  
28 construction within the area of the district, the legislative  
29 body shall do all of the following:

30 (a) Within four years of the removal or destruction,  
31 cause or require the construction or rehabilitation, for  
32 rental or sale to persons or families of low or moderate  
33 income, of an equal number of replacement dwelling  
34 units at affordable housing cost, as defined in Section  
35 50052.5 of the Health and Safety Code, within the  
36 territory of the district if the dwelling units removed  
37 were inhabited by persons or families of low or moderate  
38 income, as defined in Section 50093 of the Health and  
39 Safety Code.



1 (b) Within four years of the removal or destruction,  
2 cause or require the construction or rehabilitation, for  
3 rental or sale to persons of low or moderate income, a  
4 number of dwelling units that is at least one unit but not  
5 less than 20 percent of the total dwelling units removed  
6 at affordable housing cost, as defined in Section 50052.5 of  
7 the Health and Safety Code, within the territory of the  
8 district if the dwelling units removed or destroyed were  
9 not inhabited by persons of low or moderate income, as  
10 defined in Section 50093 of the Health and Safety Code.

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

17 (d) Ensure that removal or destruction of any  
18 dwelling units occupied by persons or families of low or  
19 moderate income does not take place unless and until  
20 there are suitable housing units, at comparable cost to the  
21 units from which the persons or families were displaced,  
22 available and ready for occupancy by the residents of the  
23 units at the time of their displacement. The housing units  
24 shall be suitable to the needs of these displaced persons  
25 or families and shall be decent, safe, sanitary, and  
26 otherwise standard dwellings.

27 53398.6. Any action or proceeding to attack, review,  
28 set aside, void, or annul the creation of a district or the  
29 adoption of an infrastructure financing plan, including a  
30 division of taxes thereunder, shall be commenced within  
31 30 days after the enactment of the ordinance creating the  
32 district pursuant to Section 53398.21. Consistent with the  
33 time limitations of this section, such an action or  
34 proceeding with respect to a division of taxes under this  
35 chapter may be brought pursuant to Chapter 9  
36 (commencing with Section 860) of Title 10 of Part 2 of the  
37 Code of Civil Procedure, except that Section 869 of the  
38 Code of Civil Procedure shall not apply.

39 53398.7. An action to determine the validity of the  
40 issuance of bonds pursuant to this chapter may be



1 brought pursuant to Chapter 9 (commencing with  
2 Section 860) of Title 10 of Part 2 of the Code of Civil  
3 Procedure. However, notwithstanding the time limits  
4 specified in Section 860 of the Code of Civil Procedure,  
5 the action shall be commenced within 30 days after  
6 adoption of the resolution pursuant to Section 53398.43  
7 providing for issuance of the bonds if the action is brought  
8 by an interested person pursuant to Section 863 of the  
9 Code of Civil Procedure. Any appeal from a judgment in  
10 that action or proceeding shall be commenced within 30  
11 days after entry of judgment.

12 53398.8. An infrastructure financing district in the  
13 border development zone is a “district” within the  
14 meaning of Section 1 of Article XIII A of the California  
15 Constitution.

16

17 Article 2. Preparation and Adoption of Infrastructure  
18 Financing Plans

19

20 53398.10. A legislative body of a city may designate  
21 one or more proposed infrastructure financing districts in  
22 the border development zone pursuant to this chapter.  
23 Proceedings for the establishment of a district shall be  
24 instituted by the adoption of a resolution of intention to  
25 establish the proposed district and shall do all of the  
26 following:

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

32 (b) State the type of public facilities proposed to be  
33 financed by the district. The district may only finance  
34 public facilities authorized by Section 53398.3.

35 (c) State that incremental property tax revenue from  
36 the city and some or all affected taxing entities within the  
37 district may be used to finance these public facilities.

38 (d) Fix a time and place for a public hearing on the  
39 proposal.



1 53398.11. The legislative body shall direct the clerk to  
2 mail a copy of the resolution of intention to create the  
3 district to each owner of land within the district.

4 53398.12. The legislative body shall direct the clerk to  
5 mail a copy of the resolution to each affected taxing  
6 entity.

7 53398.13. After adopting the resolution pursuant to  
8 Section 53398.10, the legislative body shall designate and  
9 direct the city engineer or other appropriate official to  
10 prepare an infrastructure plan pursuant to Section  
11 53398.14.

12 53398.14. After receipt of a copy of the resolution of  
13 intention to establish a district, the official designated  
14 pursuant to Section 53398.13 shall prepare a proposed  
15 infrastructure financing plan. The infrastructure  
16 financing plan shall be consistent with the general plan  
17 of the city within which the district is located and shall  
18 include all of the following:

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

23 (b) A description of the public facilities required to  
24 serve the development proposed in the area of the  
25 district, including those to be provided by the private  
26 sector, those to be provided by governmental entities  
27 without assistance under this chapter, those public  
28 improvements and facilities to be financed with  
29 assistance from the proposed district, and those to be  
30 provided jointly. The description shall include the  
31 proposed location, timing, and costs of the public  
32 improvements and facilities.

33 (c) A finding that the public facilities ~~are of~~  
34 ~~communitywide significance and provide significant~~  
35 ~~benefits to an area larger than the area of the district.~~  
36 *provide significant benefits to the border development*  
37 *zone.*

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



1 (1) A specification of the maximum portion of the  
2 incremental tax revenue of the city and of each affected  
3 taxing entity proposed to be committed to the district for  
4 each year during which the district will receive  
5 incremental tax revenue. The portion need not be the  
6 same for all affected taxing entities. The portion may  
7 change over time.

8 (2) A projection of the amount of tax revenues  
9 expected to be received by the district in each year  
10 during which the district will receive tax revenues,  
11 including an estimate of the amount of tax revenues  
12 attributable to each affected taxing entity for each year.

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

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

18 (5) A date on which the district will cease to exist, by  
19 which time all tax allocation to the district will end. The  
20 date shall not be more than 30 years from the date on  
21 which the ordinance forming the district is adopted  
22 pursuant to Section 53398.20.

23 (6) An analysis of the costs to the city of providing  
24 facilities and services to the area of the district while the  
25 area is being developed and after the area is developed.  
26 The plan shall also include an analysis of the tax, fee,  
27 charge, and other revenues expected to be received by  
28 the city as a result of expected development in the area  
29 of the district.

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

33 (e) If any dwelling units occupied by persons or  
34 families of low or moderate income are proposed to be  
35 removed or destroyed in the course of private  
36 development or public works construction within the  
37 area of the district, a plan providing for replacement of  
38 those units and relocation of those persons or families  
39 consistent with the requirements of Section 53398.5.



1 53398.15. The infrastructure financing plan shall be  
2 sent to each owner of land within the proposed district  
3 and to each affected taxing entity together with any  
4 report required by the California Environmental Quality  
5 Act (Division 13 (commencing with Section 21000) of the  
6 Public Resources Code) that pertains to the proposed  
7 public facilities or the proposed development project for  
8 which the public facilities are needed. The plan shall be  
9 made available for public inspection. The report shall also  
10 be sent to the planning commission and the legislative  
11 body.

12 53398.16. The designated official shall consult with  
13 each affected taxing entity, and, at the request of any  
14 affected taxing entity, shall meet with representatives of  
15 an affected taxing entity. Any affected taxing entity may  
16 suggest revisions to the plan.

17 53398.17. The legislative body shall conduct a public  
18 hearing prior to adopting the proposed infrastructure  
19 financing plan. The public hearing shall be called no  
20 sooner than 60 days after the plan has been sent to each  
21 affected taxing entity. In addition to the notice given to  
22 landowners and affected taxing entities pursuant to  
23 Sections 53398.11 and 53398.12, notice of the public  
24 hearing shall be given by publication not less than once  
25 a week for four successive weeks in a newspaper of  
26 general circulation published in the city in which the  
27 proposed district is located. The notice shall state that the  
28 district will be used to finance public works, briefly  
29 describe the public works, briefly describe the proposed  
30 financial arrangements, including the proposed  
31 commitment of incremental tax revenue, describe the  
32 boundaries of the proposed district, and state the day,  
33 hour, and place when and where any persons having any  
34 objections to the proposed infrastructure financing plan,  
35 or the regularity of any of the prior proceedings, may  
36 appear before the legislative body and object to the  
37 adoption of the proposed plan by the legislative body.

38 53398.18. At the hour set in the required notices, the  
39 legislative body shall proceed to hear and pass upon all  
40 written and oral objections. The hearing may be



1 continued from time to time. The legislative body shall  
2 consider the recommendations, if any, of affected taxing  
3 entities, and all evidence and testimony for and against  
4 the adoption of the plan. The legislative body may modify  
5 the plan by eliminating or reducing the size and cost of  
6 proposed public works, by reducing the amount of  
7 proposed debt, or by reducing the portion, amount, or  
8 duration of incremental tax revenues to be committed to  
9 the district.

10 53398.19. (a) The legislative body shall not enact an  
11 ordinance approving the infrastructure financing plan  
12 providing for the division of taxes of any affected taxing  
13 entity pursuant to Article 3 (commencing with Section  
14 53398.30) unless a resolution approving the plan has been  
15 adopted by the governing body of each affected taxing  
16 entity that is proposed to be subject to division of taxes  
17 pursuant to Article 3 (commencing with Section  
18 53398.30) has been filed with the legislative body at or  
19 prior to the time of the hearing.

20 (b) Nothing in this section shall be construed to  
21 prevent the legislative body from amending its  
22 infrastructure financing plan and adopting an ordinance  
23 approving the formation of the infrastructure financing  
24 district without allocation of the tax revenues of any  
25 affected taxing entity that has not approved the  
26 infrastructure financing plan by resolution of the  
27 governing body of the affected taxing entity.

28 53398.20. At the conclusion of the hearing, the  
29 legislative body may, in a manner consistent with Section  
30 53398.19, adopt an ordinance approving the  
31 infrastructure financing plan, or the infrastructure  
32 financing plan as modified, and creating the  
33 infrastructure financing district with the full force and  
34 effect of law, or the legislative body may abandon the  
35 proceedings.

36 53398.21. The legislative body may submit a  
37 proposition to establish or change the appropriations  
38 limit, as defined by subdivision (h) of Section 8 of Article  
39 XIII B of the California Constitution, of a district to the  
40 qualified electors of a district. The proposition



1 establishing or changing the appropriations limit shall  
 2 become effective if approved by the qualified electors  
 3 voting on the proposition and shall be adjusted for  
 4 changes in the cost of living and changes in populations,  
 5 as defined by subdivisions (b) and (c) of Section 7901,  
 6 except that the change in population may be estimated  
 7 by the legislative body in the absence of an estimate by  
 8 the Department of Finance, and in accordance with  
 9 Section 1 of Article XIII B of the California Constitution.  
 10 For purposes of adjusting for changes in population, the  
 11 population of the district shall be deemed to be at least  
 12 one person during each calendar year.

13  
 14 Article 3. Division of Taxes

15  
 16 53398.30. Any infrastructure financing plan may  
 17 contain a provision that taxes, if any, levied upon taxable  
 18 property in the area included within the infrastructure  
 19 financing district each year by or for the benefit of the  
 20 State of California, or any affected taxing entity after the  
 21 effective date of the ordinance adopted pursuant to  
 22 Section 53398.20 to create the district, shall be divided as  
 23 follows:

24 (a) That portion of the taxes that would be produced  
 25 by the rate upon which the tax is levied each year by or  
 26 for each of the affected taxing entities upon the total sum  
 27 of the assessed value of the taxable property in the district  
 28 as shown upon the assessment roll used in connection  
 29 with the taxation of the property by the affected taxing  
 30 entity, last equalized prior to the effective date of the  
 31 ordinance adopted pursuant to Section 53398.20 to create  
 32 the district, shall be allocated to, and when collected shall  
 33 be paid to, the respective affected taxing entities as taxes  
 34 by or for the affected taxing entities on all other property  
 35 are paid.

36 (b) That portion of the levied taxes each year specified  
 37 in the adopted infrastructure financing plan for the city  
 38 and each affected taxing entity that has agreed to  
 39 participate pursuant to Section 53398.19 in excess of the  
 40 amount specified in subdivision (a) shall be allocated to,



1 and when collected shall be paid into a special fund of, the  
2 district for all lawful purposes of the district. Unless and  
3 until the total assessed valuation of the taxable property  
4 in a district exceeds the total assessed value of the taxable  
5 property in the district as shown by the last equalized  
6 assessment roll referred to in subdivision (a), all of the  
7 taxes levied and collected upon the taxable property in  
8 the district shall be paid to the respective affected taxing  
9 entities. When the district ceases to exist pursuant to the  
10 adopted infrastructure financing plan, all moneys  
11 thereafter received from taxes upon the taxable property  
12 in the district shall be paid to the respective affected  
13 taxing entities as taxes on all other property are paid.

14 53398.31. All costs incurred by a county in connection  
15 with the division of taxes pursuant to Section 53398.30 for  
16 a district shall be paid by that district.

17

18 Article 4. Tax Increment Bonds

19

20 53398.40. The legislative body may, by majority vote,  
21 initiate proceedings to issue bonds pursuant to this  
22 chapter by adopting a resolution stating its intent to issue  
23 the bonds.

24 53398.41. The resolution adopted pursuant to Section  
25 53398.40 shall contain all of the following information:

26 (a) A description of the facilities to be financed with  
27 the proceeds of the proposed bond issue.

28 (b) The estimated cost of the facilities, the estimated  
29 cost of preparing and issuing the bonds, and the principal  
30 amount of the proposed bond issuance.

31 (c) The maximum interest rate and discount on the  
32 proposed bond issuance.

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

36 (e) A finding that the amount necessary to pay the  
37 principal of, and interest on, the proposed bond issuance  
38 will be less than, or equal to, the amount determined  
39 pursuant to subdivision (d).



1 (f) The date, hour, and place at which any person may  
2 appear before the legislative body and object to the  
3 proposal to issue bonds.

4 53398.42. The clerk of the legislative body shall  
5 publish the resolution adopted pursuant to Section  
6 53398.40 once a day for at least seven successive days in  
7 a newspaper published in the city or county at least six  
8 days a week, or at least once a week for two successive  
9 weeks in a newspaper published in the city or county less  
10 than six days a week.

11 If there are no newspapers meeting these criteria, the  
12 resolution shall be posted in three public places within  
13 the territory of the district for two succeeding weeks.

14 53398.43. (a) At the hour set in the required notice,  
15 the legislative body shall proceed to hear and pass upon  
16 all written and oral objections. The hearing may be  
17 continued from time to time. The legislative body shall  
18 consider all evidence and testimony for and against the  
19 proposal to issue bonds.

20 (b) At the conclusion of the hearing, the legislative  
21 body may approve the issuance of bonds by adopting a  
22 resolution that shall provide for all of the following:

- 23 (1) The issuance of the bonds in one or more series.
- 24 (2) The principal amount of the bonds, which shall be  
25 consistent with the amount specified in subdivision (b) of  
26 Section 53398.41.
- 27 (3) The date the bonds will bear.
- 28 (4) The date of maturity of the bonds.
- 29 (5) The denomination of the bonds.
- 30 (6) The form of the bonds.
- 31 (7) The manner of execution of the bonds.
- 32 (8) The medium of payment in which the bonds are  
33 payable.
- 34 (9) The place or manner of payment and any  
35 requirements for registration of the bonds.
- 36 (10) The terms of call or redemption, with or without  
37 premium.

38 53398.44. The legislative body may, by majority vote,  
39 provide for refunding of bonds issued pursuant to this  
40 chapter. However, refunding bonds shall not be issued if



1 the total net interest cost to maturity on the refunding  
2 bonds plus the principal amount of the refunding bonds  
3 exceeds the total net interest cost to maturity on the  
4 bonds to be refunded. The legislative body may not  
5 extend the time to maturity of the bonds.

6 53398.45. The legislative body or any person  
7 executing the bonds shall not be personally liable on the  
8 bonds by reason of their issuance. The bonds and other  
9 obligations of a district issued pursuant to this chapter are  
10 not a debt of the city, county, or state or of any of its  
11 political subdivisions, other than the district, and none of  
12 those entities, other than the district, shall be liable on the  
13 bonds and the bonds or obligations shall be payable  
14 exclusively from funds or properties of the district. The  
15 bonds shall contain a statement to this effect on their face.  
16 The bonds do not constitute an indebtedness within the  
17 meaning of any constitutional or statutory debt  
18 limitation.

19 53398.46. The bonds may be sold at discount not to  
20 exceed 5 percent of par at public sale. At least five days  
21 prior to the sale, notice shall be published, pursuant to  
22 Section 6061, in a newspaper of general circulation and in  
23 a financial newspaper published in the City and County  
24 of San Francisco and in the City of Los Angeles. The bonds  
25 may be sold at not less than par to the federal government  
26 at private sale without any public advertisement.

27 53398.47. If any member of the legislative body whose  
28 signature appears on bonds ceases to be a member of the  
29 legislative body before delivery of the bonds, his or her  
30 signature is as effective as if he or she had remained in  
31 office. Bonds issued pursuant to this chapter are fully  
32 negotiable.

33 SEC. 2. Notwithstanding Section 17610 of the  
34 Government Code, if the Commission on State Mandates  
35 determines that this act contains costs mandated by the  
36 state, reimbursement to local agencies and school  
37 districts for those costs shall be made pursuant to Part 7  
38 (commencing with Section 17500) of Division 4 of Title  
39 2 of the Government Code. If the statewide cost of the  
40 claim for reimbursement does not exceed one million



1 dollars (\$1,000,000), reimbursement shall be made from  
2 the State Mandates Claims Fund.

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