ASSEMBLY BILL No. 2698

Introduced by Committee on Local Government (Smyth (Chair), Alejo (Vice Chair), Bradford, Davis, Gordon, and Hueso)

March 21, 2012

An act to amend Sections 56375, 56425, 56658, 56827, 56853, 57077, 57107, and 57113 of, to add Sections 57077.1, 57077.2, 57077.3, and 57077.4 to, and to repeal Sections 56854, 57081, and 57114 of, the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2698, as introduced, Committee on Local Government. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

(1) Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, sets forth the powers and duties of a local agency formation commission, including, among others, the power to approve the annexation of a contiguous disadvantaged community, under specified circumstances. Existing law provides that an application to annex a contiguous disadvantaged community is not required if the commission finds that a majority of the residents within the affected territory are opposed to annexation.

This bill would provide that an application to annex a contiguous disadvantaged community is not required if the commission finds that a majority of the registered voters within the affected territory are opposed to annexation.

(2) The act additionally requires the commission to determine the sphere of influence of each local governmental agency within the county,

and to enact policies designated to promote the logical and orderly development of areas within the sphere.

This bill would instead require the commission to determine the sphere of influence of each city, and each special district subject to the jurisdiction of the commission, within the county.

(3) The act authorizes a petitioner or legislative body desiring to initiate proceedings before the commission to submit an application to the executive officer of the principal county, and requires the executive officer, immediately after receiving an application and before issuing a certificate of filing, to give mailed notice that the application has been received to specified agencies, as specified.

This bill would correct an incorrect cross-reference in these provisions.

(4) The act also authorizes the commission to approve proposals for changes of organization or reorganization, consistent with written policies, procedures, and guidelines adopted by the commission. The act requires a local agency formation commission to comply with certain procedural requirements prior to ordering a change of organization or reorganization, including, among others, requiring voter approval of a change of organization or reorganization if certain requirements are met.

This bill would revise and recast those provisions to, among other things, specify that voter approval is required for a change of organization or reorganization that consists of an incorporation or disincorporation, and provides for specific protest standards for a change of organization that consists of a dissolution of a district, a consolidation of 2 or more districts, certain types of reorganizations, and the merger or establishment of a subsidiary district.

(5) The act provides that if a commission has initiated a change of organization or reorganization that affects more than one special district, the commission may utilize and is encouraged to utilize a reorganization committee to review the proposal.

This bill would revise and recast that provision.

(6) The act requires a commission to order the consolidation of districts, dissolution, merger, the establishment of a subsidiary district, or a reorganization that includes any of these changes of organization, without an election, as specified. The act exempts from these provisions, any proposal for a change of organization or reorganization submitted to a commission before January 1, 2003, where the Goleta Sanitary District or the Goleta West Sanitary district is an affected district, as specified.

This bill would repeal this exemption.

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

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

1 SECTION 1. Section 56375 of the Government Code is
2 amended to read:
3 56375. The commission shall have all of the following powers
4 and duties subject to any limitations upon its jurisdiction set forth
5 in this part:
6 (a) (1) To review and approve with or without amendment,
7 wholly, partially, or conditionally, or disapprove proposals for
8 changes of organization or reorganization, consistent with written
9 policies, procedures, and guidelines adopted by the commission.
10 (2) The commission may initiate proposals by resolution of
11 application for any of the following:
12 (A) The consolidation of a district, as defined in Section 56036.
13 (B) The dissolution of a district.
14 (C) A merger.
15 (D) The establishment of a subsidiary district.
16 (E) The formation of a new district or districts.
17 (F) A reorganization that includes any of the changes specified
18 in subparagraph (A), (B), (C), (D), or (E).
19 (3) A commission may initiate a proposal described in paragraph
20 (2) only if that change of organization or reorganization is
21 consistent with a recommendation or conclusion of a study
22 prepared pursuant to Section 56378, 56425, or 56430, and the
23 commission makes the determinations specified in subdivision (b)
24 of Section 56881.
25 (4) A commission shall not disapprove an annexation to a city,
26 initiated by resolution, of contiguous territory that the commission
27 finds is any of the following:
28 (A) Surrounded or substantially surrounded by the city to which
29 the annexation is proposed or by that city and a county boundary
30 or the Pacific Ocean if the territory to be annexed is substantially
31 developed or developing, is not prime agricultural land as defined
32 in Section 56064, is designated for urban growth by the general
33 plan of the annexing city, and is not within the sphere of influence
34 of another city.

(B) Located within an urban service area that has been delineated and adopted by a commission, which is not prime agricultural land, as defined by Section 56064, and is designated for urban growth by the general plan of the annexing city.

(C) An annexation or reorganization of unincorporated islands meeting the requirements of Section 56375.3.

(5) As a condition to the annexation of an area that is surrounded, or substantially surrounded, by the city to which the annexation is proposed, the commission may require, where consistent with the purposes of this division, that the annexation include the entire island of surrounded, or substantially surrounded, territory.

(6) A commission shall not impose any conditions that would directly regulate land use density or intensity, property development, or subdivision requirements.

(7) The decision of the commission with regard to a proposal to annex territory to a city shall be based upon the general plan and prezoning of the city. When the development purposes are not made known to the annexing city, the annexation shall be reviewed on the basis of the adopted plans and policies of the annexing city or county. A commission shall require, as a condition to annexation, that a city prezone the territory to be annexed or present evidence satisfactory to the commission that the existing development entitlements on the territory are vested or are already at build-out, and are consistent with the city's general plan. However, the commission shall not specify how, or in what manner, the territory shall be prezoned.

(8) (A) Except for those changes of organization or reorganization authorized under Section 56375.3, and except as provided by subparagraph (B), a commission shall not approve an annexation to a city of any territory greater than 10 acres, or as determined by commission policy, where there exists a disadvantaged unincorporated community that is contiguous to the area of proposed annexation, unless an application to annex the disadvantaged unincorporated community to the subject city has been filed with the executive officer.

(B) An application to annex a contiguous disadvantaged community shall not be required if either of the following apply:

(i) A prior application for annexation of the same disadvantaged community has been made in the preceding five years.

(ii) The commission finds, based upon written evidence, that a majority of the ~~residents~~ *registered voters* within the affected territory are opposed to annexation.

(b) With regard to a proposal for annexation or detachment of territory to, or from, a city or district or with regard to a proposal for reorganization that includes annexation or detachment, to determine whether territory proposed for annexation or detachment, as described in its resolution approving the annexation, detachment, or reorganization, is inhabited or uninhabited.

(c) With regard to a proposal for consolidation of two or more cities or districts, to determine which city or district shall be the consolidated successor city or district.

(d) To approve the annexation of unincorporated, noncontiguous territory, subject to the limitations of Section 56742, located in the same county as that in which the city is located, and that is owned by a city and used for municipal purposes and to authorize the annexation of the territory without notice and hearing.

(e) To approve the annexation of unincorporated territory consistent with the planned and probable use of the property based upon the review of general plan and prezoning designations. No subsequent change may be made to the general plan for the annexed territory or zoning that is not in conformance to the prezoning designations for a period of two years after the completion of the annexation, unless the legislative body for the city makes a finding at a public hearing that a substantial change has occurred in circumstances that necessitate a departure from the prezoning in the application to the commission.

(f) With respect to the incorporation of a new city or the formation of a new special district, to determine the number of registered voters residing within the proposed city or special district or, for a landowner-voter special district, the number of owners of land and the assessed value of their land within the territory proposed to be included in the new special district. The number of registered voters shall be calculated as of the time of the last report of voter registration by the county elections official to the Secretary of State prior to the date the first signature was affixed to the petition. The executive officer shall notify the petitioners of the number of registered voters resulting from this calculation. The assessed value of the land within the territory proposed to be

included in a new landowner-voter special district shall be calculated as shown on the last equalized assessment roll.

(g) To adopt written procedures for the evaluation of proposals, including written definitions consistent with existing state law. The commission may adopt standards for any of the factors enumerated in Section 56668. Any standards adopted by the commission shall be written.

(h) To adopt standards and procedures for the evaluation of service plans submitted pursuant to Section 56653 and the initiation of a change of organization or reorganization pursuant to subdivision (a).

(i) To make and enforce regulations for the orderly and fair conduct of hearings by the commission.

(j) To incur usual and necessary expenses for the accomplishment of its functions.

(k) To appoint and assign staff personnel and to employ or contract for professional or consulting services to carry out and effect the functions of the commission.

(*l*) To review the boundaries of the territory involved in any proposal with respect to the definiteness and certainty of those boundaries, the nonconformance of proposed boundaries with lines of assessment or ownership, and other similar matters affecting the proposed boundaries.

(m) To waive the restrictions of Section 56744 if it finds that the application of the restrictions would be detrimental to the orderly development of the community and that the area that would be enclosed by the annexation or incorporation is so located that it cannot reasonably be annexed to another city or incorporated as a new city.

(n) To waive the application of Section 22613 of the Streets and Highways Code if it finds the application would deprive an area of a service needed to ensure the health, safety, or welfare of the residents of the area and if it finds that the waiver would not affect the ability of a city to provide any service. However, within 60 days of the inclusion of the territory within the city, the legislative body may adopt a resolution nullifying the waiver.

(o) If the proposal includes the incorporation of a city, as defined in Section 56043, or the formation of a district, as defined in Section 2215 of the Revenue and Taxation Code, the commission

shall determine the property tax revenue to be exchanged by the affected local agencies pursuant to Section 56810.

(p) To authorize a city or district to provide new or extended services outside its jurisdictional boundaries pursuant to Section 56133.

(q) To enter into an agreement with the commission for an adjoining county for the purpose of determining procedures for the consideration of proposals that may affect the adjoining county or where the jurisdiction of an affected agency crosses the boundary of the adjoining county.

(r) To approve with or without amendment, wholly, partially, or conditionally, or disapprove pursuant to this section the annexation of territory served by a mutual water company formed pursuant to Part 7 (commencing with Section 14300) of Division 3 of Title 1 of the Corporations Code that operates a public water system to a city or special district. Any annexation approved in accordance with this subdivision shall be subject to the state and federal constitutional prohibitions against the taking of private property without the payment of just compensation. This subdivision shall not impair the authority of a public agency or public utility to exercise eminent domain authority.

SEC. 2. Section 56425 of the Government Code is amended to read:

56425. (a) In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies *subject to the jurisdiction of the commission* to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each ~~local governmental agency~~ *city and each special district, as defined by Section 56036,* within the county and enact policies designed to promote the logical and orderly development of areas within the sphere.

(b) Prior to a city submitting an application to the commission to update its sphere of influence, representatives from the city and representatives from the county shall meet to discuss the proposed new boundaries of the sphere and explore methods to reach agreement on development standards and planning and zoning requirements within the sphere to ensure that development within the sphere occurs in a manner that reflects the concerns of the

affected city and is accomplished in a manner that promotes the logical and orderly development of areas within the sphere. If an agreement is reached between the city and county, the city shall forward the agreement in writing to the commission, along with the application to update the sphere of influence. The commission shall consider and adopt a sphere of influence for the city consistent with the policies adopted by the commission pursuant to this section, and the commission shall give great weight to the agreement to the extent that it is consistent with commission policies in its final determination of the city sphere.

(c) If the commission's final determination is consistent with the agreement reached between the city and county pursuant to subdivision (b), the agreement shall be adopted by both the city and county after a noticed public hearing. Once the agreement has been adopted by the affected local agencies and their respective general plans reflect that agreement, then any development approved by the county within the sphere shall be consistent with the terms of that agreement.

(d) If no agreement is reached pursuant to subdivision (b), the application may be submitted to the commission and the commission shall consider a sphere of influence for the city consistent with the policies adopted by the commission pursuant to this section.

(e) In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:

(1) The present and planned land uses in the area, including agricultural and open-space lands.

(2) The present and probable need for public facilities and services in the area.

(3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

(4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

(5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services

of any disadvantaged unincorporated communities within the existing sphere of influence.

(f) Upon determination of a sphere of influence, the commission shall adopt that sphere.

(g) On or before January 1, 2008, and every five years thereafter, the commission shall, as necessary, review and update each sphere of influence.

(h) In determining a sphere of influence, the commission may assess the feasibility of governmental reorganization of particular agencies and recommend reorganization of those agencies when reorganization is found to be feasible and if reorganization will further the goals of orderly development and efficient and affordable service delivery. The commission shall make all reasonable efforts to ensure wide public dissemination of the recommendations.

(i) When adopting, amending, or updating a sphere of influence for a special district, the commission shall do all of the following:

(1) Require existing districts to file written statements with the commission specifying the functions or classes of services provided by those districts.

(2) Establish the nature, location, and extent of any functions or classes of services provided by existing districts.

SEC. 3. Section 56658 of the Government Code is amended to read:

56658. (a) Any petitioner or legislative body desiring to initiate proceedings shall submit an application to the executive officer of the principal county.

(b) (1) Immediately after receiving an application and before issuing a certificate of filing, the executive officer shall give mailed notice that the application has been received to each interested agency and each subject agency, the county committee on school district organization, and each school superintendent whose school district overlies the subject area. The notice shall generally describe the proposal and the affected territory. The executive officer shall not be required to give notice pursuant to this subdivision if a local agency has already given notice pursuant to subdivision ~~(b)~~ *(c)* of Section 56654.

(2) It is the intent of the Legislature that an incorporation proposal shall be processed in a timely manner. With regard to an application that includes an incorporation, the executive officer

shall immediately notify all affected local agencies and any applicable state agencies by mail and request the affected agencies to submit the required data to the commission within a reasonable timeframe established by the executive officer. Each affected agency shall respond to the executive officer within 15 days acknowledging receipt of the request. Each affected local agency and the officers and departments thereof shall submit the required data to the executive officer within the timelines established by the executive officer. Each affected state agency and the officers and departments thereof shall submit the required data to the executive officer within the timelines agreed upon by the executive officer and the affected state departments.

(c) If a special district is, or as a result of a proposal will be, located in more than one county, the executive officer of the principal county shall immediately give the executive officer of each other affected county mailed notice that the application has been received. The notice shall generally describe the proposal and the affected territory.

(d) Except when a commission is the lead agency pursuant to Section 21067 of the Public Resources Code, the executive officer shall determine within 30 days of receiving an application whether the application is complete and acceptable for filing or whether the application is incomplete.

(e) The executive officer shall not accept an application for filing and issue a certificate of filing for at least 20 days after giving the mailed notice required by subdivision (b). The executive officer shall not be required to comply with this subdivision in the case of an application which meets the requirements of Section 56663 or in the case of an application for which a local agency has already given notice pursuant to subdivision (b) of Section 56654.

(f) If the appropriate fees have been paid, an application shall be deemed accepted for filing if no determination has been made by the executive officer within the 30-day period. An executive officer shall accept for filing, and file, any application submitted in the form prescribed by the commission and containing all of the information and data required pursuant to Section 56652.

(g) When an application is accepted for filing, the executive officer shall immediately issue a certificate of filing to the applicant. A certificate of filing shall be in the form prescribed by the executive officer and shall specify the date upon which the

proposal shall be heard by the commission. From the date of issuance of a certificate of filing, or the date upon which an application is deemed to have been accepted, whichever is earlier, an application shall be deemed filed pursuant to this division.

(h) If an application is determined not to be complete, the executive officer shall immediately transmit that determination to the applicant specifying those parts of the application which are incomplete and the manner in which they can be made complete.

(i) Following the issuance of the certificate of filing, the executive officer shall proceed to set the proposal for hearing and give published notice thereof as provided in this part. The date of the hearing shall be not more than 90 days after issuance of the certificate of filing or after the application is deemed to have been accepted, whichever is earlier. Notwithstanding Section 56106, the date for conducting the hearing, as determined pursuant to this subdivision, is mandatory.

SEC. 4. Section 56827 of the Government Code is amended to read:

56827. (a) Except as provided in subdivision (b), upon the presentation of any petition or applications making a proposal for a reorganization, the commission may take proceedings pursuant to Part 3 (commencing with Section 56650) without referring the proposal to a reorganization committee, as provided in this part.

(b) The commission may refer to a reorganization committee any incorporation proposal that includes, or may be modified to include, any of the following changes of organization affecting an independent special district: consolidation, dissolution, formation, merger, or establishment of a subsidiary district.

(c) If the commission has initiated a change of organization or reorganization that affects more than one special district, the commission may, and is encouraged to, utilize a reorganization committee to review the proposal.

SEC. 5. Section 56853 of the Government Code is amended to read:

56853. (a) If a majority of the members of each of the legislative bodies of two or more local agencies adopt substantially similar resolutions of application making proposals either for the consolidation of districts or for the reorganization of all or any part of the districts into a single local agency, the commission shall approve, or conditionally approve, the proposal. ~~The commission~~

~~shall order the consolidation or reorganization without an election, except as otherwise provided in subdivision (b) of Section 57081.~~

(b) Except as provided in subdivision (d), a commission may order any material change in the provisions or the terms and conditions of the consolidation or reorganization, as set forth in the proposals of the local agencies. The commission shall direct the executive officer to give each subject agency mailed notice of any change prior to ordering a change. The commission shall not, without the written consent of all subject agencies, take any further action on the consolidation or reorganization for 30 days following that mailing. Upon written demand by any subject agency, filed with the executive officer during that 30-day period, the commission shall make determinations upon the proposals only after notice and hearing on the proposals. If no written demand is filed, the commission may make those determinations without notice and hearing. The application of any provision of this subdivision may be waived by consent of all of the subject agencies.

~~(c) Where the commission has initiated a change of organization or reorganization affecting more than one special district, the commission may utilize and is encouraged to utilize a reorganization committee to review the proposal.~~

~~(d)~~

(c) The commission shall not order a material change in the provisions of a consolidation or reorganization, as set forth in the proposals of the local agencies pursuant to subdivision (a), that would add or delete districts without the written consent of the applicant local agencies.

SEC. 6. Section 56854 of the Government Code is repealed.

~~56854. (a) Notwithstanding Sections 57077 and 57107, the commission shall order (1) the consolidation of districts, (2) dissolution, (3) merger, or (4) the establishment of a subsidiary district, or (5) a reorganization that includes any of these changes of organization without an election, except that an election shall be held in each affected city or district if there are written protests as follows:~~

~~(1) Where the proposal was not initiated by the commission, and where an affected city or district has not objected by resolution to the proposal, a written protest has been submitted that meets~~

~~the requirements specified in subdivisions (b) and (c) of Section 57081.~~

~~(2) Where the proposal was not initiated by the commission, and where an affected city or district has objected by resolution to the proposal, a written protest has been submitted that meets the requirements specified in paragraphs (1) and (2) of subdivision (a) and subdivision (b) of Section 57114.~~

~~(3) Where the proposal was initiated by the commission, and regardless of whether an affected city or district has objected to the proposal by resolution, a written protest has been submitted that meets the requirements of Section 57113.~~

~~(b) Notwithstanding subdivision (a), the commission shall not order a merger or establishment of a subsidiary district without the consent of the affected city.~~

~~(c) This section shall not apply to any proposal for a change of organization or reorganization that is submitted to the commission before January 1, 2003, where the Goleta Sanitary District or the Goleta West Sanitary District is an affected district. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the following special circumstances:~~

~~The voters of the Goleta Sanitary District previously voted against a proposed consolidation with the Goleta West Sanitary District by a margin of two to one. More recently, a reorganization proposal was submitted to the commission in Santa Barbara County that would have combined the Goleta Sanitary District and the Goleta West Sanitary District under circumstances where no opportunity for confirmation by the Goleta Sanitary District voters would be available. In light of the issues that were raised in connection with these earlier consolidation and reorganization proposals, a five-year moratorium on the application of Section 56854 to proposals affecting the Goleta Sanitary District or the Goleta West Sanitary District is necessary to ensure an opportunity for voter confirmation.~~

SEC. 7. Section 57077 of the Government Code is amended to read:

57077. ~~(a)~~ If a change of organization consists of ~~a dissolution, disincorporation, incorporation, establishment of a subsidiary district, consolidation, or merger, the commission shall do either~~

~~of the following:~~ *an incorporation or disincorporation, or if a reorganization includes an incorporation or disincorporation, the commission shall order the change of organization or reorganization subject to confirmation of the voters. A protest proceeding shall not be conducted.*

~~(1) Order the change of organization subject to confirmation of the voters, or in the case of a landowner-voter district, subject to confirmation by the landowners, unless otherwise stated in the formation provisions of the enabling statute of the district or otherwise authorized pursuant to Section 56854.~~

~~(2) Order the change of organization without election if it is a change of organization that meets the requirements of Section 56854, 57081, 57102, or 57107; otherwise, the commission shall take the action specified in paragraph (1).~~

~~(b) Notwithstanding subdivision (a) or Section 57102, if a change of organization consists of the dissolution of a district that is consistent with a prior action of the commission pursuant to Section 56378, 56425, or 56430, the commission may do either of the following:~~

~~(1) If the dissolution is initiated by the district board, immediately order the dissolution without an election or protest proceeding pursuant to this part.~~

~~(2) If the dissolution is initiated by an affected local agency, by the commission pursuant to Section 56375, or by petition pursuant to Section 56650, order the dissolution after holding at least one noticed public hearing, and after conducting protest proceedings in accordance with this part. Notwithstanding any other law, the commission shall terminate proceedings if a majority protest exists in accordance with Section 57078. If a majority protest is not found the commission shall order the dissolution without an election.~~

~~(c) If a reorganization consists of one or more dissolutions, incorporations, formations, disincorporations, mergers, establishments of subsidiary districts, consolidations, or any combination of those proposals, the commission shall do either of the following:~~

~~(1) Order the reorganization subject to confirmation of the voters, or in the case of landowner-voter districts, subject to confirmation by the landowners, unless otherwise authorized pursuant to Section 56854.~~

~~(2) Order the reorganization without election if it is a reorganization that meets the requirements of Section 56853.5, 56853.6, 56854, 57081, 57102, 57107, or 57111; otherwise, the commission shall take the action specified in paragraph (1).~~

SEC. 8. Section 57077.1 is added to the Government Code, to read:

57077.1. Notwithstanding Section 57102, if a change of organization consists of the dissolution of a district that is consistent with a prior action of the commission pursuant to Section 56378, 56425, or 56430, the commission may do either of the following:

(a) If the dissolution is initiated by the district board, immediately approve and order the dissolution without an election or protest proceedings pursuant to this part.

(b) If the dissolution is initiated by an affected local agency, by the commission pursuant to Section 56375, or by petition pursuant to Section 56650, order the dissolution after holding at least one noticed public hearing, and after conducting protest proceedings in accordance with this part. Notwithstanding any other law, the commission shall terminate proceedings if a majority protest exists in accordance with Section 57078. If a majority protest is not found, the commission shall order the dissolution without an election.

SEC. 9. Section 57077.2 is added to the Government Code, to read:

57077.2. (a) If the change of organization consists of a consolidation of two or more districts, the commission shall order the consolidation without confirmation by the voters, except that if the proposal meets the requirements of subdivision (b), the commission shall order the consolidation subject to confirmation of the voters.

(b) The commission shall order the consolidation subject to the confirmation of the voters as follows:

(1) If the commission has approved a proposal submitted by resolution of a majority of the members of the legislative bodies of two or more local agencies pursuant to Section 56853, and the commission has found that protests meet one of the following protest thresholds:

(A) In the case of inhabited territory, protests have been signed by either of the following:

(i) At least 25 percent of the number of landowners within the territory subject to the consolidation who own at least 25 percent of the assessed value of land within the territory.

(ii) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, the territory.

(B) In the case of a landowner-voter district, the territory is uninhabited and protests have been signed by at least 25 percent of the number of landowners within the territory subject to the consolidation, owning at least 25 percent of the assessed value of land within the territory.

(2) If the commission has approved a proposal not initiated by the commission and if a subject agency has not objected by resolution to the proposal, written protests have been submitted that meet the requirements specified in subparagraph (A) or (B) of paragraph (1).

(3) If the proposal was not initiated by the commission, and if a subject agency has objected by resolution to the proposal, written protests have been submitted as follows:

(A) In the case of inhabited territory, protests have been signed by either of the following:

(i) At least 25 percent of the number of landowners within any subject agency within the affected territory who own at least 25 percent of the assessed value of land within the territory.

(ii) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, any subject agency within the affected territory.

(B) In the case of a landowner-voter district, the territory is uninhabited, and protests have been signed by at least 25 percent of the number of landowners within any subject agency within the affected territory, owning at least 25 percent of the assessed value of land within the subject agency.

(4) If the commission has approved a proposal initiated by the commission, and regardless of whether a subject agency has objected to the proposal by resolution, written protests have been submitted that meet the requirements of Section 57113.

SEC. 10. Section 57077.3 is added to the Government Code, to read:

57077.3. (a) If a proposal consists of a reorganization not described in Section 57075, 57075.5, 57076, 57077, 57077.4, or 57111, the commission shall order the reorganization without

confirmation by the voters except that if the reorganization meets the requirements of subdivision (b), the commission shall order the reorganization subject to confirmation of the voters.

(b) The commission shall order the reorganization subject to confirmation of the voters as follows:

(1) If the commission has approved a proposal submitted by resolution of a majority of the members of the legislative bodies of two or more local agencies pursuant to Section 56853, and the commission has found that protests meet one of the following protest thresholds:

(A) In the case of inhabited territory, protests have been signed by:

(i) At least 25 percent of the number of landowners within the affected territory who own at least 25 percent of the assessed value of land within the territory.

(ii) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, the affected territory.

(B) In the case of a landowner-voter district, that the territory is uninhabited, and that protests have been signed by at least 25 percent of the number of landowners within the affected territory, owning at least 25 percent of the assessed value of land within the territory.

(2) If the commission has approved a proposal not initiated by the commission, and if a subject agency has not objected by resolution to the proposal, a written protest has been submitted that meets the requirements specified in subparagraph (A) or (B) of paragraph (1).

(3) If the commission has approved a proposal not initiated by the commission, and if a subject agency has objected by resolution to the proposal, written protests have been submitted as follows:

(A) In the case of inhabited territory, protests have been signed by either of the following:

(i) At least 25 percent of the number of landowners within any subject agency within the affected territory who own at least 25 percent of the assessed value of land within the territory.

(ii) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, the affected territory.

(B) In the case of a landowner-voter district, the territory is uninhabited, and protests have been signed by at least 25 percent of the number of landowners within any subject agency within the

affected territory, owning at least 25 percent of the assessed value of land within the subject agency.

(4) If the commission has approved a proposal initiated by the commission, and regardless of whether a subject agency has objected to the proposal by resolution, written protests have been submitted that meet the requirements of Section 57113.

(c) This section shall not apply to reorganizations governed by Sections 56853.5 and 56853.6.

SEC. 11. Section 57077.4 is added to the Government Code, to read:

57077.4. (a) If a reorganization consists of the dissolution of one or more districts and the annexation of all or substantially all the territory to another district not initiated pursuant to Section 56853 or by the commission pursuant to Section 56375, the commission shall order the reorganization without confirmation by the voters except that if the reorganization meets the requirements of subdivision (b), the commission shall order the reorganization subject to confirmation by the voters.

(b) The commission shall order the reorganization subject to confirmation by the voters as follows:

(1) In the case of inhabited territory, protests have been signed by either of the following:

(A) At least 25 percent of the number of landowners within any subject agency within the affected territory who own at least 25 percent of the assessed value of land within the territory.

(B) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, any subject agency within the affected territory.

(2) In the case of a landowner-voter district, the territory is uninhabited, and protests have been signed by at least 25 percent of the number of landowners within any subject agency within the affected territory, owning at least 25 percent of the assessed value of land within the subject agency.

(3) If the reorganization has been initiated by the commission pursuant to Section 56375, protests have been submitted that meet the requirements of Section 57113.

SEC. 12. Section 57081 of the Government Code is repealed.

~~57081. (a) If authorized by the commission pursuant to Section 56853, the protest proceedings shall be conducted for the consolidation of districts or the reorganization of all or any part~~

~~of those districts into a single local agency pursuant to this section. The commission shall hold at least one noticed public hearing on the proposal within 30 days after approval of the application by the commission. After the conclusion of the hearing, the commission shall order the consolidation or reorganization without an election, except as otherwise provided in subdivision (b).~~

~~(b) An election shall only be held if the commission finds either of the following:~~

~~(1) In the case of inhabited territory, that a petition requesting that the proposal be submitted to confirmation by the voters has been signed by either of the following:~~

~~(A) At least 25 percent of the number of landowners within the territory subject to the consolidation or reorganization who own at least 25 percent of the assessed value of land within the territory.~~

~~(B) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, the territory.~~

~~(2) In the case of a landowner-voter district, that the territory is uninhabited and a petition requesting that the proposal be submitted to confirmation by the voters has been signed by at least 25 percent of the number of landowners within the territory subject to the consolidation or reorganization, owning at least 25 percent of the assessed value of land within the territory.~~

~~(c) The petition shall be filed with the commission prior to the conclusion of the protest hearing.~~

SEC. 13. Section 57107 of the Government Code is amended to read:

57107. *(a)* In any resolution ordering a merger or establishment of a subsidiary district, the commission shall ~~take one of the following actions:~~ *approve the change of organization without an election except that if the change of organization meets the requirements of subdivision (b), the commission shall order the change of organization subject to confirmation of the voters.*

(b) The commission shall order the change of organization subject to confirmation of the voters within any subject agency as follows:

(1) If the proposal was not initiated by the commission, and if a subject agency has not objected by resolution to the proposal, the commission has found that protests meet one of the following protest thresholds:

(A) In the case of inhabited territory, protests have been signed by:

(i) At least 25 percent of the number of landowners within the affected territory who own at least 25 percent of the assessed value of land within the territory.

(ii) At least 25 percent of the voters entitled to vote as a result of residing within or owning land within, the affected territory.

(B) In the case of a landowner-voter district, that the territory is uninhabited and that protests have been signed by at least 25 percent of the number of landowners within the affected territory owning at least 25 percent of the assessed value of land within the territory.

(2) If the proposal was not initiated by the commission, and if a subject agency has objected by resolution to the proposal, written protests have been submitted as follows:

(A) In the case of inhabited territory, protests have been signed by either of the following:

(i) At least 25 percent of the number of landowners within any subject agency within the affected territory who own at least 25 percent of the assessed value of land within the territory.

(ii) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, any subject agency within the affected territory.

(B) In the case of a landowner-voter district, that the territory is uninhabited and protests have been signed by at least 25 percent of the number of landowners within any subject agency within the affected territory, owning at least 25 percent of the assessed value of land within the subject agency.

(3) If the proposal was initiated by the commission, and regardless of whether a subject agency has objected to the proposal by resolution, written protests have been submitted that meet the requirements of Section 57113.

(c) Notwithstanding subdivision (a) or (b), the commission shall not order the merger or establishment of a subsidiary district without the consent of the subject city.

~~(a) Order the merger or establishment of the subsidiary district subject to confirmation of the voters upon the questions, as the case may be, of merger, the establishment of a subsidiary district, or both merger and the establishment of a subsidiary district.~~

~~(b) Order the merger or establishment of the subsidiary district without election, if the legislative body of the city and the board of directors of the district have by resolution consented to the merger or the establishment of the subsidiary district.~~

SEC. 14. Section 57113 of the Government Code is amended to read:

57113. ~~(a)~~ Notwithstanding Section ~~57081,~~ 57102, ~~57107,~~ 57108, or 57111, for any proposal that was initiated by the commission pursuant to subdivision (a) of Section 56375, the commission shall forward the change of organization or reorganization for confirmation by the voters if the commission finds either of the following:

~~(1)~~

(a) In the case of inhabited territory, ~~that a petition requesting that the proposal be submitted to confirmation by the voters has~~ *protests have* been signed by either of the following:

~~(A)~~

(1) At least 10 percent of the number of landowners within any ~~affected district~~ *subject agency* within the affected territory who own at least 10 percent of the assessed value of land within the territory. However, if the number of landowners within ~~an affected district~~ *a subject agency* is less than 300, ~~the petition requesting the proposal to be submitted to the voters~~ *the protests* shall be signed by at least 25 percent of the landowners who own at least 25 percent of the assessed value of land within the territory of the affected district.

~~(B)~~

(2) At least 10 percent of the voters entitled to vote as a result of residing within, or owning land within, any ~~affected district~~ *a subject agency* within the affected territory. However, if the number of voters entitled to vote within ~~an affected district~~ *subject agency* is less than 300, ~~the petition requesting the proposal to be submitted to the voters~~ *the protests* shall be signed by at least 25 percent of the voters entitled to vote.

~~(2)~~

(b) In the case of a landowner-voter district, that the territory is uninhabited and ~~a petition requesting that the proposal be submitted to confirmation by the voters has~~ *protests have* been signed by at least 10 percent of the number of landowners within any ~~affected district~~ *subject agency* within the affected territory,

owning at least 10 percent of the assessed value of land within the territory. However, if the number of voters entitled to vote within ~~an affected district~~ *a subject agency* is less than 300, ~~the petition requesting the proposal to be submitted to the voters~~ *protests* shall be signed by at least 25 percent of the voters entitled to vote.

~~(b) The petition shall be filed with the commission prior to the conclusion of the protest hearing.~~

SEC. 15. Section 57114 of the Government Code is repealed.

~~57114. (a) Notwithstanding Sections 56854 and 57111, for any proposal for the dissolution of one or more districts and the annexation of all or substantially all of their territory to another district, not initiated by the commission pursuant to subdivision (a) of Section 56375, the commission shall forward the change of organization or reorganization for confirmation by the voters if the commission finds either of the following:~~

~~(1) In the case of inhabited territory, that a petition requesting that the proposal be submitted to confirmation by the voters has been signed by either of the following:~~

~~(A) At least 25 percent of the number of landowners within any affected district within the affected territory who own at least 25 percent of the assessed value of land within the territory.~~

~~(B) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, any affected district within the affected territory.~~

~~(2) In the case of a landowner-voter district, that the territory is uninhabited and a petition requesting that the proposal be submitted to confirmation by the voters has been signed by at least 25 percent of the number of landowners within any affected district within the affected territory, owning at least 25 percent of the assessed value of land within the territory of that district.~~

~~(b) If a petition that meets the requirements of this section has been filed, the commission shall order the proposal subject to confirmation by the voters of each district that has filed such a petition. The voter confirmation requirements set forth in subdivision (a) shall not apply to any proposal initiated by the commission under Section 56375 or where each affected district has consented to the proposal by a resolution adopted by a majority vote of its board of directors.~~

O