CALAFCO Annual Conference
Legislative Report

Attachment 1

Assembly Local Government Committee

Assembly Member Katcho Achadjian, Chair

LEGISLATIVE UPDATE FROM SACRAMENTO

2013 CALAFCO ANNUAL CONFERENCE

August 30, 2013

Life After Redevelopment – Are Infrastructure Financing Districts (IFDs) the Solution?

- AB 1080 (Alejo) – would allow local governments to establish a Community and Revitalization and Investment Authority (Authority) in a disadvantaged community to fund specified activities, and allows an Authority to collect tax increment. **SENATE APPROPRIATIONS.**

- AB 229 (Assembly Speaker Perez) – would create infrastructure and revitalization financing districts (modeled after IFDs in existing law), authorizes a military base reuse authority to form a district, and allows these districts to finance a broader range of projects and facilities to clean-up and develop former military bases. **ASSEMBLY FLOOR.**

- AB 243 (Dickinson) - would create infrastructure and revitalization financing districts (modeled after IFDs in existing law), broadens the range of projects and facilities they can finance, lowers the voter approval threshold necessary to form a district and issue bonds to 55%, and extends the life of districts to 40 years. **SENATE FLOOR.**

- SB 1 (Senate President Pro Tem Steinberg) - would allow local governments to establish Sustainable Communities Investment Authorities (Authorities) to finance specified activities within a Sustainable Communities Investment Area. **ASSEMBLY APPROPRIATIONS.**

- SB 33 (Wolk) – would eliminate the voter approval requirement for a city or county to create an IFD and would expand the type of projects that could be financed by an IFD, including watershed lands, flood management, habitat restoration, cleanup and development of brownfield properties (Polanco Act), projects that implement a transit priority project, or regional transportation plan. **ASSEMBLY FLOOR.**

- SB 628 (Beall) – would allow a city or county to create an IFD to implement a transit priority project without having to hold an election and would require the local entity to use 25% of the tax increment revenues for affordable housing. **SENATE FLOOR.**

Post – City of Bell Scandal

- AB 941 (Rendon) – would expand the State Controller's authority to perform audits or investigations of counties, cities, and special districts if the Controller makes specified finding that any of these local government entities is violating financial requirements in state law, state grant agreements, local charters, or local ordinances. **2 YEAR BILL.**

- AB 1035 (Muratsuchi) – would increase forfeiture amounts for local agencies that fail to file their annual financial transaction reports with the State Controller's Office in a timely manner, and requires the Controller to conduct an independent financial audit report for an agency that fails to file for three or more consecutive years. **2 YEAR BILL.**

- AB 1235 (Gordon) – would require specified local agency officials to complete financial management training by January 1, 2015, and at least once per term of office thereafter. **SENATE APPROPRIATIONS.**

- AB 1248 (Cooley) - requires the State Controller to develop internal control guidelines applicable to local agencies to prevent and detect fraud. **SIGNED – Chapter 190, Statutes of 2013.**

Budget – Brown Act and Public Records Act

- SCA 3 (Leno and Senate President Pro Tem Steinberg) – would require local agencies to comply with the California Public Records Act and the Brown Act and exempts legislation under these acts as reimbursable mandates. **ASSEMBLY FLOOR.**

Overhaul of the Enterprise Zone Program

- AB 93 (Assembly Budget Committee) – repeals the Enterprise Zone program and institutes two new tax programs – a Sales and Use Tax exemption for manufacturing and bio-tech equipment and similar purchases, and a hiring credit under the Personal Income Tax and Corporation Tax for employment in specified geographic areas. **SIGNED – Chapter 69, Statutes of 2013.**

- SB 90 (Galgiani and Canella) – makes a number of changes to AB 93 (Budget Committee) related to economic development. **SIGNED – Chapter 70, Statutes of 2013.**

CEQA Reform

- SB 731 (Senate President Pro Tem Steinberg) – would enact the CEQA Modernization Act of 2013 and make a number of changes to various provisions of CEQA law. **ASSEMBLY APPROPRIATIONS.**

LAFCO-Related Bills

- AB 453 (Mullin) – would add LAFCOs to the list of eligible applicants for financial assistance grants and loans made by the Strategic Growth Council for planning purposes and would require that LAFCOs consider greenhouse gas emissions associated with development when reviewing proposals for a change of organization. **SENATE APPROPRIATIONS.**

- AB 678 (Gordon and Dickinson) – would require a healthcare district that leases or transfers its assets to a corporation to conduct a community health needs assessment, and places new requirements on LAFCOs to consider these community health needs assessment in their municipal service reviews. **SENATE APPROPRIATIONS.**

- AB 743 (Logue) – would delete the sunset date that allowing a LAFCO to waive the protest hearing for the annexation of unincorporated islands of 150 acres or less, subject to specific requirements, thereby making the provisions permanent. **SIGNED – Chapter 138, Statutes of 2013.**

- AB 1427 (Assembly Local Government Committee) - annual Assembly Local Government Committee Omnibus bill that makes several minor noncontroversial changes to the Cortese-Knox-Hertzberg Act. **SIGNED - Chapter 87, Statutes of 2013.**

- SB 56 (Roth) – would reallocate vehicle license fee revenue to recently incorporated cities and to cities that annexed inhabited territory to fix the consequences of a budget bill, SB 89 (Budget Committee, Chapter 35, Statues of 2011). **SENATE APPROPRIATIONS.**

- SB 772 (Emmerson) – would require a LAFCO, as part of a municipal service review, to request specified information from entities that provide wholesale or retail supply of drinking water. **2 YEAR BILL.**

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CALAFCO Legislative Update
August 30, 2013
(Updates as of August 22, 2013)

AB 1427 – Local Government Committee Omnibus Bill
Status; Signed by Governor on 8/12/13
CALAFCO Sponsored

1. Independent vs. dependent special district definition. Existing law defines an "independent district" or "independent special district" to include any special district that has a legislative body, whose members are elected by registered voters or landowners within the district or whose members are appointed to fixed terms. This bill clarifies that difference between an independent district and a dependent district.

2. Landowner definition. Existing law defines a "landowner" as any of the following:
   - A person shown as the landowner on the last equalized assessment roll by the county at the time the determination is required to be made;
   - Any person shown in the recorded written agreement of sale as the purchase; or
   - Any public agency owning land other than highways, rights-of-way, easements, waterways, or canals.

   This bill adds the plural forms of "person" in the definition.

3. Independent special district selection committee. Existing law specifies the makeup, meeting requirements, and election proceedings of an independent special district selection committee. Existing law also requires that the selection committee to appoint two regular members and one alternate member to the commission. This bill clarifies that appointed and elected commissioners are members of an independent special district's legislative body.

4. Santa Clara County. Santa Clara County has special provisions regarding reorganization proposals. Existing law prohibits the LAFCO from reviewing a reorganization that includes an annexation to any city in Santa Clara County that is within the urban service area of the city and the annexation is initiated by resolution. Instead, the city council must be the conducting authority for the reorganization and must make specified findings in adopting a resolution approving the reorganization. This bill clarifies that this provision of law applies to city annexations and reorganizations involving city annexations.

5. Petitions for a merger of a district. Existing law specifies procedures for petitions for a merger or establishment of a subsidiary district. This bill corrects the typo, "resident voter district," to "registered voter district."

6. Protest hearing notice. Existing law requires a LAFCO executive office to give notice of the protest hearing, and sets forth procedures for those notice requirements. A protest hearing must be held within 60 days from the date specified for the hearing in the notice. If inhabited territory is proposed to be annexed to a city with more than 100,000 residents in the County of Los Angeles, the protest hearing date must be at least 90 days, but not more than 105 days, after the adoption date of the resolution initiating the proceeding. This bill repeals the extended protest period.

7. Dissolution. Existing law sets forth procedures for dissolution. This bill corrects a wording error, changing "consolidation" to "dissolution" in the relevant section.

8. Election location. For a change of organization or reorganization that is subject to voter confirmation, a LAFCO must determine where the election will be held.

AB 743 (Logue) – Island Annexations
Status: Awaiting Governor's signature
CALAFCO Support

The bill was originally introduced to remove the sunset date provision to waive protest proceedings for certain island annexations and increase the size of the islands from 150 to 300 acres. After considering the feedback from several member LAFCos and external stakeholders, the bill was amended to remove the increase in acreage (keeping it at 150 acres), and to reset the effective island creation date from January 1, 2000 to January 1, 2014, thus allowing

smaller islands of less than 150 acres created after 2000 to be annexed under these provisions. The bill has unanimously passed both the Assembly and Senate, and as of this writing is awaiting the Governor's signature.

AB 453 (Mullin) – Sustainable Communities Grants
Status: Senate Appropriations Suspense File
Originally CALAFCO Sponsored – Sponsorship removed 8/20/13

This bill would make LAFCo eligible for the Strategic Growth Council's Sustainable Communities grants. This year is the last year of the 3-year grant cycle with approximately $16 million available in grants. The CALAFCO Legislative Committee originally decided not to pursue this legislation again this year (last year was AB 2624 – Smythe). However we were approached by Assemblymember Mullin who offered to author the bill. Although this is the final year of the grant cycle, there is benefit to having LAFCo named as an eligible entity for future sustainable communities grant opportunities. It passed the Assembly and met with an unexpected amendment in Senate Natural Resources Committee. After much discussion at both the Legislative Committee and Board level, the Board took the position to move forward with the bill with further amendments. As CALAFCO was not able to gain agreement from the Senate Natural Resources Committee Chief Consultant on the proposed amendment (which would be to fully remove the amendment inserted by that committee), CALAFCO has removed their sponsorship of the bill. It is the intent of the author to have the bill moved from Appropriations to the Senate floor to be used as a vehicle for a gut and amend bill. CALAFCO has the author's commitment not to move the bill through the Senate floor with its current language. As of this writing the bill is in the Senate Appropriations Suspense File set to be addressed on August 30.

AB 678 (Gordon & Dickinson) –Health Care Districts: Community Health Needs Assessment
Status: Senate Appropriations Suspense File
CALAFCO Support

This bill requires health care districts that do not operate their own hospital facilities to create, every 5 years, an assessment of the community health needs with public input. The bill requires LAFCos to include in a Municipal Service Review the Health Care District's 5-year assessment. There are currently 15 healthcare districts that will be impacted. As of this writing the bill is in the Senate Appropriations Suspense File set to be addressed on August 30.

SB 56 (Roth & Emmerson) – Local Government Finance property tax revenue allocation: vehicle license fee adjustments
Status: Sitting in Senate Appropriations – Marked Urgency Bill
CALAFCO Support

The bill was amended several times before making it to its first committee hearing. Still in the Senate, the bill passed the Senate Governance & Finance Committee and is now in Appropriations where it has stalled. Marked as an Urgency bill, it provides funding for cities incorporated since 2004 and inhabited annexations since 2004. Based on the current formula, the cost to the state's general fund is estimated at $18 million. The funding is proposed to come from Educational Revenue Augmentation Fund (ERAF) funds which are backfilled by the state's general fund. Senator Wolk held the bill in committee, wanting to focus on broader policy rather than a narrow focus on a handful of cities. As a result, the bill is now being approached by the legislature from a broader policy issue of the future of incorporations and annexations and appropriate funding. The bill's author has share that if the whole of the bill does not pass, the approach may be to focus on relieving the financial crisis for only the four cities that incorporated since 2004 (Jurupa Valley, Menifee, Eastvale, and Wildomar), and should that not work, the focus will be on Jurupa Valley which can only survive approximately one more year without assistance.