



Local Agency Formation Commission of Napa County
Subdivision of the State of California

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We Manage Local Government Boundaries, Evaluate Municipal Services, and Protect Agriculture

Agenda Item 10b (Action)

TO: Local Agency Formation Commission

PREPARED BY: Brendon Freeman, Executive Officer

MEETING DATE: June 5, 2017

SUBJECT: Legislative Report

RECOMMENDATION

It is recommended the Commission approve a support position for Assembly Bill 464 and authorize the Executive Officer to submit a letter of support to the author.

BACKGROUND

The California Association of LAFCOs or “CALAFCO” was established in 1971 to assist all 58 commissions in fulfilling their prescribed regulatory and planning duties. This includes serving as an advocacy resource in proposing and/or reviewing new legislation and facilitated through an appointed Legislative Committee. The Committee reviews, discusses, and offers recommendations to the CALAFCO Board of Directors with regard to new legislation that would have either a direct impact on LAFCO law or laws LAFCO helps to administer. Committee actions are guided by the Board’s adopted policies, which are annually reviewed and amended to reflect current year priorities.

SUMMARY

The first year of the 2017-2018 session began on January 4, 2017 and added over 1,200 new bills through the February 17th introduction deadline for non-committee proposals. A review of all active bills identifies 18 proposals that directly or indirectly impact LAFCOs and are briefly identified in the CALAFCO Legislative Report included as Attachment One. The Commission will receive a verbal report from staff and consider taking formal positions on specific items. A summary of proposed legislation that is particularly relevant to Napa LAFCO follows.

Juliana Inman, Commissioner
Councilmember, City of Napa

Margie Mohler, Commissioner
Councilmember, Town of Yountville

Kenneth Leary, Alternate Commissioner
Councilmember, City of American Canyon

Brad Wagenknecht, Chair
County of Napa Supervisor, 1st District

Diane Dillon, Commissioner
County of Napa Supervisor, 3rd District

Ryan Gregory, Alternate Commissioner
County of Napa Supervisor, 2nd District

Brian J. Kelly, Vice Chair
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Brendon Freeman
Executive Officer

Assembly Bill 464 (Gallagher): Annexing Lands Already Served

This bill is sponsored by CALAFCO to amend Government Code (G.C.) Section 56653 relating to boundary change proposals in response to a recent ruling out of the 5th District Court of Appeal in the case of City of Patterson v. Turlock Irrigation District. The ruling invalidated an annexation approved by Stanislaus LAFCO of territory to the City of Patterson. The annexation was ruled to be invalid given that the territory was already receiving services from the Turlock Irrigation District through an earlier outsider service extension. The District sued and the Court agreed the annexation was invalid because service had already been established. G.C. Section 56653 requires all boundary change proposals to include a plan to “extend services” and the annexation could not be approved without a plan to extend services that are not already provided. This bill would specify that the plan being submitted would also include information regarding services already provided to the affected territory by way of an outside service extension. Staff recommends the Commission approve a support position and authorize the Executive Officer to issue a letter to Assemblymember Gallagher.

Senate Bill 448 (Wieckowski): Inactive Special Districts

This bill requires the State Controller to publish a comprehensive list of special districts on or before July 1, 2019, and to annually update that list. The bill also requires special districts to file their annual audits with the LAFCO for each county that the district is located within.

The bill establishes a definition for the term “inactive district” to mean a special district that meets all of the following:

- The special district has had no financial transactions in the previous fiscal year.
- The special district has no assets.
- The special district has no fund equity.
- The special district has no outstanding debts, judgments, litigation, contracts, liens, claims, or postemployment liabilities.

The bill requires LAFCOs to dissolve inactive districts while waiving protest proceedings by holding one public hearing without conducting a special study. District dissolutions currently require the following steps:

- 1) A requesting entity files a completed application, including required documentation, to LAFCO;
- 2) LAFCO holds a noticed public hearing to take testimony and approve, conditionally approve, or disapprove the proposal;
- 3) LAFCO holds another public hearing to measure protests, and orders an election, if required;
- 4) A majority-vote election is held, if required, among the district’s voters; and
- 5) LAFCO files formal documents to complete the dissolution.

CALAFCO has several concerns with the processes identified in the bill, the proposed code section being used to address these new LAFCO powers, and several other technical issues. CALAFCO is working with the author's office and key stakeholders on amendments. Toward this end, the bill was most recently amended on May 26th and CALAFCO's analysis of the amended bill is forthcoming. Staff recommends the Commission take no position on the bill at this time.

LAFCOs' Oversight of Special Districts

Legislation is expected during the current two-year session to address pending findings from the Little Hoover Commission (LHC) in step with their ongoing review of special districts and oversight provided by LAFCOs. Initial hearings were held in late 2016 and included testimony provided by CALAFCO. These initial hearings informed LHC staff in preparing a draft report in late February with recommendations aimed at expanding LAFCOs' authority and effectiveness in implementing special district consolidations and or dissolutions. Examples include providing more explicit authority for LAFCOs to proceed with consolidations while limiting protest proceedings. A notable draft recommendation includes establishing fixed commissioner terms. In reviewing the draft recommendations, LHC members expressed interest in significant changes in order to meet the ultimate goal of reducing the number of special districts in California. The preparation of a final report has been tabled in favor of scheduling additional hearings later this year.

ATTACHMENTS

- 1) CALAFCO Legislative Report (Dated May 30, 2017)
- 2) Assembly Bill 464
- 3) Senate Bill 448

CALAFCO Daily Legislative Report as of Tuesday, May 30, 2017

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[AB 464](#) ([Gallagher R](#)) Local government reorganization.
Current Text: Amended: 3/14/2017 [Text](#)
Introduced: 2/13/2017

Last Amended: 3/14/2017

Status: 5/24/2017-Referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, current law requires that an applicant seeking a change of organization or reorganization submit a plan for providing services within the affected territory that includes, among other requirements, an enumeration and description of the services to be extended to the affected territory and an indication of when those services can feasibly be extended. This bill would specify that the plan is required to also include specific information regarding services currently provided to the affected territory, as applicable, and make related changes.

Attachments:
[CALAFCO Letter of Support April 2017](#)
Position: Sponsor

Subject: Annexation Proceedings

CALAFCO Comments: This bill makes a fix to Gov. Code Sec. 56653 based on the court finding in the case of The City of Patterson v. Turlock Irrigation District. The court found that because the services were already being provided via an out of area service agreement, the application for annexation was deemed incomplete because it was not a new service to be provided. By making the fix in statute, any pending/future annexation for a territory that is already receiving services via an out of area service agreement will not be in jeopardy.

As amended, corrections were made to: 56653(b)(3) reading "proposed" rather than "provided", and in Government Code Section 56857 an exemption added pursuant to Public Utilities Code Section 9608 for territory already receiving electrical service under a service area agreement approved by the Public Utilities Commission pursuant to Public Utilities Code Section 9608.

[AB 979](#) ([Lackey R](#)) Local agency formation commissions: district representation.
Current Text: Amended: 5/15/2017 [Text](#)
Introduced: 2/16/2017

Last Amended: 5/15/2017

Status: 5/22/2017-Read third time. Passed. Ordered to the Senate. In Senate. Read first time. To Com. on RLS. for assignment.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides for the selection of representatives of independent special districts on each local agency formation commission by an independent special district selection committee pursuant to a nomination and election process. This bill would additionally require the executive

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officer to call and hold a meeting of the special district selection committee upon the adoption of a resolution of intention by the committee relating to proceedings for representation of independent special districts upon the commission pursuant to specified law.

Attachments:

[CALAFCO Sponsor/Support Letter April 2017](#)

Position: Sponsor

Subject: CKH General Procedures

CALAFCO Comments: This bill is co-sponsored by CALAFCO and CSDA. As amended, the bill amends code Sec. 56332.5 to streamline the process of seating special districts on LAFCo by mirroring current statute 56332 (the process for electing special district representatives into the special district seats). Keeping the process voluntary, it allows for voting by mail whether or not the district wants to have special districts represented on LAFCo. Further, it will allow for the consolidation of that question with the independent special district selection committee appointment to a countywide redevelopment agency oversight board pursuant to Health and Safety Code 34179 (j) (3).

[AB 1725](#) (Committee on Local Government) Local agency formation.

Current Text: Amended: 5/2/2017 [Text](#)

Introduced: 3/20/2017

Last Amended: 5/2/2017

Status: 5/18/2017-Read third time. Passed. Ordered to the Senate. In Senate. Read first time. To Com. on RLS. for assignment.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, as specified. The act authorizes a local agency formation commission to establish a schedule of fees and a schedule of service charges for proceedings taken pursuant to the act, as specified. This bill would revise that provision to authorize a local agency formation commission to establish a schedule of fees and a schedule of service charges pursuant to the act.

Attachments:

[CALAFCO Letter of Support April 2017](#)

Position: Sponsor

Subject: CKH General Procedures

CALAFCO Comments: This is the annual Omnibus bill. The bill currently has two items and will be amended soon to include four (4) additional items. The bill makes only minor, non-substantive technical changes to CKH.

[SB 37](#) (Roth D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Current Text: Introduced: 12/5/2016 [Text](#)

Introduced: 12/5/2016

Status: 5/25/2017-May 25 hearing: Held in committee and under submission.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Beginning with the 2004–05 fiscal year and for each fiscal year thereafter, existing law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a Vehicle License Fee Property Tax Compensation Fund that exists in each county

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treasury. Current law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities. This bill would modify these reduction and transfer provisions for a city incorporating after January 1, 2004, and on or before January 1, 2012, for the 2017-18 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation.

Attachments:

[CALAFCO Support Letter Feb 2017](#)

Position: Support

Subject: Financial Viability of Agencies, Tax Allocation

CALAFCO Comments: This bill is identical to SB 817 (Roth, 2016), SB 25 (Roth, 2015) and SB 69 (Roth, 2014) with the exception of the chaptering out language included in the 2016 version (which addressed the companion bill AB 2277 (Melendez, 2016)). The bill calls for reinstatement of the VLF through ERAF for cities that incorporated between January 1, 2004 and January 1, 2012. There are no provisions for back payments for lost revenue, but the bill does reinstate future payments beginning in the 2017/18 year for cities that incorporated between 1-1-2004 and 1-1-2012.

SB 448 (Wieckowski D) Local government: organization: districts.

Current Text: Amended: 5/26/2017 [Text](#)

Introduced: 2/15/2017

Last Amended: 5/26/2017

Status: 5/26/2017-From committee: Do pass as amended. (Ayes 6. Noes 0.) (May 25).
Read second time and amended. Ordered to third reading.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

5/30/2017 #213 SENATE SEN THIRD READING FILE - SEN BILLS

Summary:

Current law requires a report of an audit of a special district's accounts and records made by a certified public accountant or public accountant to be filed with the Controller and the county auditor of the county in which the special district is located within 12 months of the end of the fiscal year or years under examination. This bill would require that those audit reports also be filed with the local agency formation commission of either the county in which the special district is located or, if the special district is located in 2 or more counties, with each local agency formation commission within each county in which the district is located until January 1, 2027, and thereafter with the county containing the greatest percentage of the assessed value of taxable property in the district.

Attachments:

[CALAFCO Oppose Unless Amended Letter](#)

Position: Oppose unless amended

Subject: CKH General Procedures

CALAFCO Comments: As amended, this bill authorizes LAFCo to dissolve inactive districts by holding one hearing and without conducting a special study and with the waiver of protest proceedings. The bill creates an "idle" status for districts based on certain criteria, and authorizes LAFCo to dissolve idle districts under certain conditions.

The bill requires districts to conduct a biennial audit and submit to the State Controller's Office (SCO). The SCO will create a listing of idle districts based on those audits. Idle districts are defined as either: (1) no financial transactions and no revenue in the audit period; OR (2) district failed to submit the audit. The bill also adds a definition of inactive district as outlined in the bill. Once a district has been labeled idle, they have 180 days to file a statement of purpose with the SCO (criteria for content of the

statement of purpose also outlined in the bill).

CALAFCO has several concerns with the processes identified in the bill, the location (code section) being used to address these new LAFCo powers, and several other minor technical issues. CALAFCO will work with the author's office and key stakeholders on amendments.

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[AB 267](#) ([Waldron R](#)) **Community services districts.**

Current Text: Introduced: 2/1/2017 [Text](#)

Introduced: 2/1/2017

Status: 5/12/2017-Failed Deadline pursuant to Rule 61(a)(3). (Last location was PRINT on 2/1/2017)(May be acted upon Jan 2018)

2 year	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law provides for the organization and powers of community services districts, including the continuation of any community services district, improvement district of a community services district, or zone of a community services district, that was in existence on January 1, 2006. This bill would make nonsubstantive changes to these provisions.

Position: Watch

CALAFCO Comments: According to the author's office this is a spot bill.

[AB 548](#) ([Steinorth R](#)) **Omnitrans Transit District.**

Current Text: Amended: 4/4/2017 [Text](#)

Introduced: 2/14/2017

Last Amended: 4/4/2017

Status: 4/28/2017-Failed Deadline pursuant to Rule 61(a)(2). (Last location was TRANS. on 3/23/2017)(May be acted upon Jan 2018)

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would create the Omnitrans Transit District in the County of San Bernardino. The bill would provide that the jurisdiction of the district would initially include the Cities of Chino, Chino Hills, Colton, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland, and Yucaipa, and unspecified portions of the unincorporated areas of the County of San Bernardino. The bill would authorize other cities in the County of San Bernardino to subsequently join the district.

Position: None at this time

CALAFCO Comments: This bill, as amended, appears to dissolve the Omnitrans JPA and form a new independent special district to be known as the Omnitrans Transit District. The formation process does not include LAFCo. CALAFCO is reaching out to the author's office for more details.

[AB 577](#) ([Caballero D](#)) **Disadvantaged communities.**

Current Text: Amended: 3/9/2017 [Text](#)

Introduced: 2/14/2017

Last Amended: 3/9/2017

Status: 4/28/2017-Failed Deadline pursuant to Rule 61(a)(2). (Last location was E.S. & T.M. on 2/27/2017)(May be acted upon Jan 2018)

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Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law defines a disadvantaged community as a community with an annual median household income that is less than 80% of the statewide annual median household income for various purposes, that include, but are not limited to, the Water Quality, Supply, and Infrastructure Improvement Act of 2014, eligibility for certain entities to apply for funds from the State Water Pollution Cleanup and Abatement Account, and authorization for a community revitalization and investment authority to carry out a community revitalization plan. This bill would expand the definition of a disadvantaged community to include a community with an annual per capita income that is less than 80% of the statewide annual per capita income.

Position: Watch**Subject:** Disadvantaged Communities

CALAFCO Comments: Sponsored by the Environmental Justice Coalition for Water, this bill is intended to expand the definition of disadvantaged communities to include multi-family households. According to the author's office this will be a two-year bill. CALAFCO will retain a Watch position until any amendments are in print.

AB 645 (Quirk D) Local government: organization: dissolution.**Current Text:** Introduced: 2/14/2017 [Text](#)**Introduced:** 2/14/2017

Status: 5/12/2017-Failed Deadline pursuant to Rule 61(a)(3). (Last location was L. GOV. on 3/2/2017)(May be acted upon Jan 2018)

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Under current law, if a change of organization consists of a dissolution, the commission is required to order the dissolution subject to confirmation of voters if, among other things, the proposal was not initiated by the commission and if a subject agency has not objected to the proposal, the commission has found that, for an inhabited territory protests have been signed by either 25% of the number of landowners within the affected territory who own at least 25% of the assessed value of land within the territory or 25% of the voters entitled to vote as a result of residing or owning land within the affected territory. This bill would decrease that threshold to 10% of the number of landowners within the affected territory who own at least 25% of the assessed value of land within the territory or 10% of the voters entitled to vote as a result of residing or owning land within the affected territory.

Position: Watch**Subject:** CKH General Procedures, Disincorporation/dissolution, Special District Consolidations

CALAFCO Comments: According to the author's office this is a spot bill pending the outcome of the Alameda LAFCo special study on Eden Healthcare District. Update: The author's office indicates they will hold off moving this bill. CALAFCO will continue to Watch.

AB 892 (Waldron R) Municipal water districts: water service: Indian tribes.**Current Text:** Amended: 3/23/2017 [Text](#)**Introduced:** 2/16/2017**Last Amended:** 3/23/2017

Status: 5/12/2017-Failed Deadline pursuant to Rule 61(a)(3). (Last location was L. GOV. on 3/23/2017)(May be acted upon Jan 2018)

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

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Summary:

Current law, upon the request of certain Indian tribes and the satisfaction of certain conditions, requires a district to provide service of water at substantially the same terms applicable to the customers of the district to the Indian tribe's lands that are not within a district, as prescribed. This bill would authorize, rather than require, a district to provide this service of water. The bill would apply this authorization to all Indian tribes whose lands are owned by the tribe.

Position: Watch

Subject: Water

CALAFCO Comments: According to the author's office, this may very well become a two-year bill. The intent of the bill was to make it permissive for an Indian tribe to negotiate directly with a water provider to obtain water services. This would circumvent LAFCo. This bill expands on last year's bill by Gonzalez-Fletcher, AB 2470. The author's office has indicated the bill will not move forward in it's current version. They understand CALAFCO's concerns. CALAFCO will continue to monitor the bill for any amendments and will consider a position if/when amendments are in print.

AB 1728 (Committee on Local Government) Health care districts: board of directors.

Current Text: Introduced: 3/22/2017 [Text](#)

Introduced: 3/22/2017

Status: 5/18/2017-Read third time. Passed. Ordered to the Senate. In Senate. Read first time. To Com. on RLS. for assignment.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Each health care district has a board of directors with specific duties and powers respecting the creation, administration, and maintenance of the district, including purchasing, receiving, having, taking, holding, leasing, using, and enjoying property. This bill would require the board of directors to adopt an annual budget in a public meeting, on or before September 1 of each year, that conforms to generally accepted accounting and budgeting procedures for special districts, establish and maintain an Internet Web site that lists contact information for the district, and adopt annual policies for providing assistance or grant funding, if the district provides assistance or grants.

Attachments:

[AB 1728 CALAFCO Letter of Support](#)

Position: Support

Subject: Other

CALAFCO Comments: As introduced, this bill requires healthcare districts to adopt annual budgets, establish and maintain a website (and prescribes the required site content), and adopt policies for grant funding.

SB 206 (Committee on Governance and Finance) Validations.

Current Text: Introduced: 2/1/2017 [Text](#)

Introduced: 2/1/2017

Status: 5/18/2017-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

6/14/2017 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, AGUIAR-CURRY, Chair

Summary:

Would enact the First Validating Act of 2017, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified

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districts, agencies, and entities. This bill would declare that it is to take effect immediately as an urgency statute.

Attachments:

[CALAFCO Support Feb 2017](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: One of three annual acts which validate the boundaries of all local agencies.

[SB 207](#) (Committee on Governance and Finance) Validations.

Current Text: Introduced: 2/1/2017 [Text](#)

Introduced: 2/1/2017

Status: 5/18/2017-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

6/14/2017 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, AGUIAR-CURRY, Chair

Summary:

Would enact the Second Validating Act of 2017, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill would declare that it is to take effect immediately as an urgency statute.

Attachments:

[CALAFCO Support Feb 2017](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: One of three annual acts which validate the boundaries of all local agencies.

[SB 208](#) (Committee on Governance and Finance) Validations.

Current Text: Introduced: 2/1/2017 [Text](#)

Introduced: 2/1/2017

Status: 5/18/2017-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

6/14/2017 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, AGUIAR-CURRY, Chair

Summary:

Would enact the Third Validating Act of 2017, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

[CALAFCO Support Letter Feb 2017](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: One of three annual acts which validate the boundaries of all local agencies.

[SB 365](#) (Dodd D) Regional park and open-space districts: County of Solano.

Current Text: Introduced: 2/14/2017 [Text](#)

Introduced: 2/14/2017

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Status: 5/26/2017-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law authorizes proceedings for the formation of a regional park and open-space or regional open-space district in specified counties in the state to be initiated by resolution of the county board of supervisors adopted after a noticed hearing, and specifies the contents of the resolution. This bill, in addition, would authorize the formation of a regional district in the County of Solano to be initiated by resolution of the county board of supervisors after a noticed hearing. The bill would specify the contents of the resolution, including the calling of an election, as prescribed.

Attachments:

[SB 365 CALAFCO Letter of Oppose 03 28 17](#)

Position: Oppose

Subject: LAFCo Administration

CALAFCO Comments: This bill calls for the formation of a regional park and open space district which will circumvent the LAFCo formation process. CALAFCO discussed our concerns with the author's office, who has made it clear they will not be considering any potential amendments unless requested by Solano LAFCo. As Solano LAFCo is now formally in support of the bill, it is not likely there will be any amendments.

[SB 435](#) (Dodd D) Williamson Act: payments to local governments.

Current Text: Amended: 5/2/2017 [Text](#)

Introduced: 2/15/2017

Last Amended: 5/2/2017

Status: 5/25/2017-May 25 hearing: Held in committee and under submission.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would, under the Williamson act, reduce the amount per acre paid to a city, county, or city and county under these provisions to \$2.50 for prime agricultural land, \$0.50 for all other land devoted to open-space uses of statewide significance, and, for counties that have adopted farmland security zones, \$4 for land that is within, or within 3 miles of the sphere of influence of, each incorporated city.

Attachments:

[CALAFCO Support Letter May 2017](#)

Position: Support

Subject: Ag Preservation - Williamson

CALAFCO Comments: This bill renews partial subvention funding for the Williamson Act as a fiscal incentive to lift contract moratoria, implements solar use easements and Farmland Security Zone Contracts, and increases subvention funding for counties that adopt conservation planning strategies for agriculturally zoned property that further our state's sustainable community goals.

[SB 634](#) (Wilk R) Santa Clarita Valley Water District.

Current Text: Amended: 5/26/2017 [Text](#)

Introduced: 2/17/2017

Last Amended: 5/26/2017

Status: 5/26/2017-Read second time. Ordered to third reading. Read third time and amended. Ordered to second reading.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

5/30/2017 #4 SENATE SEN SECOND READING FILE - SENATE BILLS

Summary:

Current law, the Castaic Lake Water Agency Law, created the Castaic Lake Water Agency and authorizes the agency to acquire water and water rights, including water from the State Water Project, and to provide, sell, and deliver water at wholesale for municipal, industrial, domestic, and other purposes. This bill would repeal the Castaic Lake Water Agency Law. This bill contains other related provisions and other current laws.

Attachments:

[CALAFCO Letter Oppose Unless Amended 03 27 17](#)

Position: Oppose unless amended

Subject: Special District Consolidations

CALAFCO Comments: As amended, this bill consolidates two independent water districts in Los Angeles. The bill was amended to include LAFCo in the process via an application for binding conditions. There are still several minor technical changes that have been requested to the sponsors and author, and CALAFCO will retain our oppose unless amended position until those changes are in print.

[SB 693](#) ([Mendoza D](#)) Lower San Gabriel River Recreation and Park District.

Current Text: Introduced: 2/17/2017 [Text](#)

Introduced: 2/17/2017

Status: 5/26/2017-Read second time. Ordered to third reading.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

5/30/2017 #121 SENATE SEN THIRD READING FILE - SEN BILLS

Summary:

Would specifically authorize the establishment of the Lower San Gabriel River Recreation and Park District, by petition or resolution submitted to the Los Angeles County Local Agency Formation Commission before January 1, 2020, subject to specified existing laws governing recreation and park districts, including their formation, except as provided. The bill would authorize specified city councils and the Los Angeles County Board of Supervisors to appoint the initial board of directors of the district.

Position: Watch

Subject: LAFCo Administration

CALAFCO Comments: This bill forms the Lower San Gabriel River Recreation and Park District while leaving a majority of the LAFCo process intact. CALAFCO will keep watching to ensure it stays that way.

Total Measures: 18

Total Tracking Forms: 18

5/30/2017 8:33:30 AM

AMENDED IN ASSEMBLY MARCH 14, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 464

Introduced by Assembly Member Gallagher
(Principal coauthor: Assembly Member Mayes)
(Coauthors: Assembly Members Mathis, Voepel, and Waldron)
(Coauthors: Senators Dodd and Nielsen)

February 13, 2017

An act to amend ~~Section~~ *Sections 56653 and 56857* of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 464, as amended, Gallagher. Local government reorganization.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, among other things, establishes procedures for consideration of a proposal for change of organization or reorganization, as defined. Existing law requires that an applicant seeking a change of organization or reorganization submit a plan for providing services within the affected territory that includes, among other requirements, an enumeration and description of the services to be extended to the affected territory and an indication of when those services can feasibly be extended.

This bill would specify that the plan is required to also include specific information regarding services currently provided to the affected territory, as applicable, and make related changes.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 authorizes any district to which annexation of territory is proposed to adopt and transmit to the local agency formation commission a resolution requesting termination of proceedings, as specified, and requires the resolution to be based upon written findings

supported by substantial evidence in the record that the request is justified by a financial or service-related concern.

This bill would require the resolution to be based upon written findings supported by substantial evidence in the record that the request is justified as described above or because the territory is already receiving electrical service under a service area agreement approved by the Public Utilities Commission, as specified. The bill would require findings related to existing provision of electrical service by an irrigation district pursuant to a service area agreement approved under a specified provision to be based on the records of the district and the Public Utilities Commission, as provided.

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 56653 of the Government Code, as
2 amended by Section 2 of Chapter 784 of the Statutes of 2014, is
3 amended to read:
4 56653. (a) If a proposal for a change of organization or
5 reorganization is submitted pursuant to this part, the applicant shall
6 submit a plan for providing services within the affected territory.
7 (b) The plan for providing services shall include all of the
8 following information and any additional information required by
9 the commission or the executive officer:
10 (1) An enumeration and description of the services currently
11 provided or to be extended to the affected territory.
12 (2) The level and range of those services.
13 (3) An indication of when those services can feasibly be
14 extended to the affected territory, if new services are ~~provided~~.
15 *proposed.*
16 (4) An indication of any improvement or upgrading of structures,
17 roads, sewer or water facilities, or other conditions the local agency
18 would impose or require within the affected territory if the change
19 of organization or reorganization is completed.
20 (5) Information with respect to how those services will be
21 financed.
22 (c) (1) In the case of a change of organization or reorganization
23 initiated by a local agency that includes a disadvantaged,
24 unincorporated community as defined in Section 56033.5, a local

1 agency may include in its resolution of application for change of
2 organization or reorganization an annexation development plan
3 adopted pursuant to Section 99.3 of the Revenue and Taxation
4 Code to improve or upgrade structures, roads, sewer or water
5 facilities, or other infrastructure to serve the disadvantaged,
6 unincorporated community through the formation of a special
7 district or reorganization of one or more existing special districts
8 with the consent of each special district's governing body.

9 (2) The annexation development plan submitted pursuant to this
10 subdivision shall include information that demonstrates that the
11 formation or reorganization of the special district will provide all
12 of the following:

13 (A) The necessary financial resources to improve or upgrade
14 structures, roads, sewer, or water facilities or other infrastructure.
15 The annexation development plan shall also clarify the local entity
16 that shall be responsible for the delivery and maintenance of the
17 services identified in the application.

18 (B) An estimated timeframe for constructing and delivering the
19 services identified in the application.

20 (C) The governance, oversight, and long-term maintenance of
21 the services identified in the application after the initial costs are
22 recouped and the tax increment financing terminates.

23 (3) If a local agency includes an annexation development plan
24 pursuant to this subdivision, a local agency formation commission
25 may approve the proposal for a change of organization or
26 reorganization to include the formation of a special district or
27 reorganization of a special district with the special district's
28 consent, including, but not limited to, a community services district,
29 municipal water district, or sanitary district, to provide financing
30 to improve or upgrade structures, roads, sewer or water facilities,
31 or other infrastructure to serve the disadvantaged, unincorporated
32 community, in conformity with the requirements of the principal
33 act of the district proposed to be formed and all required formation
34 proceedings.

35 (4) Pursuant to Section 56881, the commission shall include in
36 its resolution making determinations a description of the annexation
37 development plan, including, but not limited to, an explanation of
38 the proposed financing mechanism adopted pursuant to Section
39 99.3 of the Revenue and Taxation Code, including, but not limited

1 to, any planned debt issuance associated with that annexation
2 development plan.

3 (d) This section shall not preclude a local agency formation
4 commission from considering any other options or exercising its
5 powers under Section 56375.

6 (e) This section shall remain in effect only until January 1, 2025,
7 and as of that date is repealed.

8 SEC. 2. Section 56653 of the Government Code, as added by
9 Section 3 of Chapter 784 of the Statutes of 2014, is amended to
10 read:

11 56653. (a) If a proposal for a change of organization or
12 reorganization is submitted pursuant to this part, the applicant shall
13 submit a plan for providing services within the affected territory.

14 (b) The plan for providing services shall include all of the
15 following information and any additional information required by
16 the commission or the executive officer:

17 (1) An enumeration and description of the services currently
18 provided or to be extended to the affected territory.

19 (2) The level and range of those services.

20 (3) An indication of when those services can feasibly be
21 extended to the affected territory, if new services are proposed.

22 (4) An indication of any improvement or upgrading of structures,
23 roads, sewer or water facilities, or other conditions the local agency
24 would impose or require within the affected territory if the change
25 of organization or reorganization is completed.

26 (5) Information with respect to how those services will be
27 financed.

28 (c) This section shall become operative on January 1, 2025.

29 SEC. 3. Section 56857 of the Government Code is amended to
30 read:

31 56857. (a) Upon receipt by the commission of a proposed
32 change of organization or reorganization that includes the
33 annexation of territory to any district, if the proposal is not filed
34 by the district to which annexation of territory is proposed, the
35 executive officer shall place the proposal on the agenda for the
36 next commission meeting for information purposes only and shall
37 transmit a copy of the proposal to any district to which an
38 annexation of territory is requested.

39 (b) No later than 60 days after the date that the proposal is on
40 the commission's meeting agenda in accordance with subdivision

1 (a), any district to which annexation of territory is proposed may
2 adopt and transmit to the commission a resolution requesting
3 termination of the proceedings. The resolution requesting
4 termination of the proceedings shall be based upon written findings
5 supported by substantial evidence in the record that the request is
6 justified by a financial or service related ~~concern~~ *concern or*
7 *because the territory is already receiving electrical service under*
8 *a service area agreement approved by the Public Utilities*
9 *Commission pursuant to Section 9608 of the Public Utilities Code.*
10 Prior to the commission's termination of proceedings pursuant to
11 subdivision (c), the resolution is subject to judicial review.

12 (c) If any district to which annexation of territory is proposed
13 has adopted and transmitted to the commission a resolution
14 requesting termination of proceedings within the time period
15 prescribed by, and in accordance with, subdivision (b), and if the
16 commission has not been served with notice that judicial review
17 of that resolution is being sought pursuant to subdivision (b), then
18 the commission shall terminate the proceedings no sooner than 30
19 days from receipt of the resolution from the district.

20 (d) For purposes of an annexation to a district pursuant to this
21 section or Section 56668.3:

22 (1) "Financial concerns" means that the proposed uses within
23 the territory proposed to be annexed do not have the capacity to
24 provide sufficient taxes, fees, and charges, including connection
25 fees, if any, to pay for the full cost of providing services, including
26 capital costs. Cost allocation shall be based on generally accepted
27 accounting principles and shall be subject to all constitutional and
28 statutory limitations on the amount of the tax, fee, or charge.

29 (2) "Service concerns" means that a district will not have the
30 ability to provide the services that are the subject of the application
31 to the territory proposed to be annexed without imposing level of
32 service reductions on existing and planned future uses in the
33 district's current service area. "Service concerns" does not include
34 a situation when a district has the ability to provide the services
35 or the services will be available prior to the time that services will
36 be required.

37 (3) "*Territory already receiving electrical service under a*
38 *service area agreement approved by the Public Utilities*
39 *Commission pursuant to Section 9608 of the Public Utilities Code"*
40 *means territory that is outside the boundaries of an irrigation*

1 *district but is currently receiving electrical services from the*
2 *irrigation district pursuant to a service area agreement between*
3 *the district and a public utility approved by the Public Utilities*
4 *Commission as authorized by Sections 8101 to 8108, inclusive,*
5 *and 9608 of the Public Utilities Code.*

6 ~~(3)~~

7 (4) A district may make findings regarding financial or service
8 concerns based on information provided in the application and any
9 additional information provided to the district by the commission
10 or the applicant that is relevant to determining the adequacy of
11 existing and planned future services to meet the probable future
12 needs of the territory. Findings related to service or financial
13 concerns may be based on an urban water management plan, capital
14 improvement plan, financial statement, comprehensive annual
15 financial report, integrated resource management plan, or other
16 information related to the ability of a district to provide services.
17 *Findings related to existing provision of electrical service by an*
18 *irrigation district pursuant to a service area agreement approved*
19 *under Section 9608 of the Public Utilities Code shall be based on*
20 *the records of the district and the Public Utilities Commission*
21 *evidencing approval of such a service area agreement by the Public*
22 *Utilities Commission.*

23 ~~(4)~~

24 (5) Nothing in this section shall be construed to create a right
25 or entitlement to water service or any specific level of water
26 service.

27 ~~(5)~~

28 (6) Nothing in this section is intended to change existing law
29 concerning a district's obligation to provide water service to its
30 existing customers or to any potential future customers.

31 (e) This section shall not apply if all districts to which
32 annexation of territory is proposed have adopted and transmitted
33 to the commission a resolution supporting the proposed change of
34 organization or reorganization.

AMENDED IN SENATE MAY 26, 2017

AMENDED IN SENATE MAY 2, 2017

AMENDED IN SENATE APRIL 18, 2017

AMENDED IN SENATE APRIL 4, 2017

SENATE BILL

No. 448

Introduced by Senator Wieckowski

February 15, 2017

An act to amend Section 26909 of, to add Sections ~~12463.4, 56040.5,~~ *12463.4* and 56042 to, and to add Article 9.5 (commencing with Section 53898) to Chapter 4 of Part 1 of Division 2 of, and to add Article 6 (commencing with Section 56879) to Chapter 5 of Part 3 of Division 3 ~~of, of~~ Title 5 of, the Government Code, and to amend Section 2611.6 of the Revenue and Taxation Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 448, as amended, Wieckowski. Local government: organization: districts.

(1) Existing law requires the officer of each local agency, as defined, who has charge of the financial records of the local agency, to furnish to the Controller a report of all the financial transactions of the local agency during the next preceding fiscal year within ~~90 days of the close of each fiscal year, or within 110 days if the report is furnished in an electronic format.~~ *7 months after the close of each fiscal year.* Existing law also requires a report of an audit of a special district's accounts and records made by a certified public accountant or public accountant to be filed with the Controller and the county auditor of the county in which the special district is located within 12 months of the end of the fiscal year or years under examination.

This bill would require that those audit reports also be filed with the local agency formation commission of either the county in which the special district is located or, if the special district is located in 2 or more counties, the county containing the greatest percentage of the assessed value of taxable property of the district. ~~This bill would require the Controller, on or before October 1, 2018, and every year thereafter, to create a list of idle districts, as defined, and notify each special district that has been identified as an idle district, on or before November 1, 2018, and every 2 years thereafter. This bill would require each special district to submit, with every audit or other specified documents filed with the Controller and the local agency formation commission, a statement of purpose, as specified. The bill would require the Controller to post each statement of purpose it receives on its Internet Web site.~~ *with each local agency formation commission within each county in which the district is located until January 1, 2027, and thereafter with the county containing the greatest percentage of the assessed value of taxable property in the district.* The bill would also require the Controller to publish on the Controller's Internet Web site a comprehensive list of special districts on or before July 1, 2019, and to annually update that list.

(2) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, as specified.

This bill would require a local agency formation commission to dissolve any special district that is an inactive district. ~~The bill would additionally require a local agency formation commission to initiate proceedings for the dissolution of idle districts, as specified. This~~ *The* bill would define the terms *term* "inactive district" and "idle district" for these purposes. By increasing the duties of local officials, this bill would impose a state-mandated local program.

(3) Existing property tax law requires that each county tax bill, or a statement accompanying that bill, include specified information.

This bill would additionally require that ~~each county tax bill, or a statement accompanying that bill, to include a list of all services provided by a city, county, special district, or school district that are funded by the general ad valorem property tax and any special taxes or special assessments levied.~~ *information contained in a county tax bill that is electronically transmitted reflect the same information contained on both the mailed county tax bill and any separate statements.* By

increasing the duties of local officials, this bill would impose a state-mandated local program.

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

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

1 SECTION 1. Section 12463.4 is added to the Government
2 Code, to read:

3 12463.4. On or before July 1, 2019, the Controller shall publish
4 on the Controller's Internet Web site a comprehensive list of special
5 districts. The Controller shall update the list every year thereafter.
6 For purposes of this section, the term "special district" means an
7 "independent district" or "independent special district" as those
8 terms are defined in Section 56044.

9 SEC. 2. Section 26909 of the Government Code, as amended
10 by Section 1 of Chapter 164 of the Statutes of 2016, is amended
11 to read:

12 26909. (a) (1) The county auditor shall either make or contract
13 with a certified public accountant or public accountant to make an
14 annual audit of the accounts and records of every special district
15 within the county for which an audit by a certified public
16 accountant or public accountant is not otherwise provided. In each
17 case, the minimum requirements of the audit shall be prescribed
18 by the Controller and shall conform to generally accepted auditing
19 standards.

20 (2) If an audit of a special district's accounts and records is
21 made by a certified public accountant or public accountant, the
22 minimum requirements of the audit shall be prescribed by the
23 Controller and shall conform to generally accepted auditing
24 standards, and a report thereof shall be filed with the Controller,

1 with the county auditor of the county in which the special district
2 is located, and with the local agency formation commission of the
3 county in which the special district is located, unless the special
4 district is located in two or more counties, then ~~the county~~
5 ~~containing the greatest percentage of the assessed value of taxable~~
6 ~~property of the district.~~ *with each local agency formation*
7 *commission within each county in which the district is located.*
8 The report shall be filed within 12 months of the end of the fiscal
9 year or years under examination.

10 (3) Any costs incurred by the county auditor, including contracts
11 with, or employment of, certified public accountants or public
12 accountants, in making an audit of every special district pursuant
13 to this section shall be borne by the special district and shall be a
14 charge against any unencumbered funds of the district available
15 for the purpose.

16 (4) For a special district that is located in two or more counties,
17 this subdivision shall apply to the auditor of the county in which
18 the treasury is located.

19 (5) The county controller, or ex officio county controller, shall
20 effect this section in those counties having a county controller or
21 ex officio county controller.

22 (b) A special district may, by unanimous request of the
23 governing board of the special district and with unanimous
24 approval of the board of supervisors, replace the annual audit
25 required by this section with one of the following, performed in
26 accordance with professional standards, as determined by the
27 county auditor:

28 (1) A biennial audit covering a two-year period.

29 (2) An audit covering a five-year period if the special district's
30 annual revenues do not exceed an amount specified by the board
31 of supervisors.

32 (3) An audit conducted at specific intervals, as recommended
33 by the county auditor, that shall be completed at least once every
34 five years.

35 (c) (1) A special district may, by unanimous request of the
36 governing board of the special district and with unanimous
37 approval of the board of supervisors, replace the annual audit
38 required by this section with a financial review, or an agreed-upon
39 procedures engagement, in accordance with the appropriate

1 professional standards, as determined by the county auditor, if the
2 following conditions are met:

3 (A) All of the special district's revenues and expenditures are
4 transacted through the county's financial system.

5 (B) The special district's annual revenues do not exceed one
6 hundred fifty thousand dollars (\$150,000).

7 (C) The special district shall pay for any costs incurred by the
8 county auditor in performing an agreed-upon procedures
9 engagement. Those costs shall be charged against any
10 unencumbered funds of the district available for that purpose.

11 (2) If the board of supervisors is the governing board of the
12 special district, it may, upon unanimous approval, replace the
13 annual audit of the special district required by this section with a
14 financial review, or an agreed-upon procedures engagement, in
15 accordance with the appropriate professional standards, as
16 determined by the county auditor, if the special district satisfies
17 the requirements of subparagraphs (A) and (B) of paragraph (1).

18 (d) (1) A special district may, by annual unanimous request of
19 the governing board of the special district and with annual
20 unanimous approval of the board of supervisors, replace the annual
21 audit required by this section with an annual financial compilation
22 of the special district to be performed by the county auditor in
23 accordance with professional standards, if all of the following
24 conditions are met:

25 (A) All of the special district's revenues and expenditures are
26 transacted through the county's financial system.

27 (B) The special district's annual revenues do not exceed one
28 hundred fifty thousand dollars (\$150,000).

29 (C) The special district shall pay for any costs incurred by the
30 county auditor in performing a financial compilation. Those costs
31 shall be a charge against any unencumbered funds of the district
32 available for that purpose.

33 (2) A special district shall not replace an annual audit required
34 by this section with an annual financial compilation of the special
35 district pursuant to paragraph (1) for more than five consecutive
36 years, after which a special district shall comply with subdivision
37 (a).

38 (e) Notwithstanding this section, a special district shall be
39 exempt from the requirement of an annual audit if the financial

1 statements are audited by the Controller to satisfy federal audit
2 requirements.

3 (f) Upon receipt of the financial review, agreed-upon procedures
4 engagement, or financial compilation, the county auditor shall
5 have the right to appoint, pursuant to subdivision (a), a certified
6 public accountant or a public accountant to conduct an audit of
7 the special district, with proper notice to the governing board of
8 the special district and board of supervisors.

9 (g) This section shall remain in effect only until January 1, 2027,
10 and as of that date is repealed.

11 SEC. 3. Section 26909 of the Government Code, as added by
12 Section 2 of Chapter 164 of the Statutes of 2016, is amended to
13 read:

14 26909. (a) (1) The county auditor shall either make or contract
15 with a certified public accountant or public accountant to make an
16 annual audit of the accounts and records of every special district
17 within the county for which an audit by a certified public
18 accountant or public accountant is not otherwise provided. In each
19 case, the minimum requirements of the audit shall be prescribed
20 by the Controller and shall conform to generally accepted auditing
21 standards.

22 (2) If an audit of a special district's accounts and records is
23 made by a certified public accountant or public accountant, the
24 minimum requirements of the audit shall be prescribed by the
25 Controller and shall conform to generally accepted auditing
26 standards, and a report thereof shall be filed with the Controller,
27 with the county auditor of the county in which the special district
28 is located, and with the local agency formation commission of the
29 county in which the special district is located unless the special
30 district is located in two or more counties, then the county
31 containing the greatest percentage of the assessed value of taxable
32 property of the district. The report shall be filed within 12 months
33 of the end of the fiscal year or years under examination.

34 (3) Any costs incurred by the county auditor, including contracts
35 with, or employment of, certified public accountants or public
36 accountants, in making an audit of every special district pursuant
37 to this section shall be borne by the special district and shall be a
38 charge against any unencumbered funds of the district available
39 for the purpose.

1 (4) For a special district that is located in two or more counties,
2 this subdivision shall apply to the auditor of the county in which
3 the treasury is located.

4 (5) The county controller, or ex officio county controller, shall
5 effect this section in those counties having a county controller or
6 ex officio county controller.

7 (b) A special district may, by unanimous request of the
8 governing board of the special district and with unanimous
9 approval of the board of supervisors, replace the annual audit
10 required by this section with one of the following, performed in
11 accordance with professional standards, as determined by the
12 county auditor:

13 (1) A biennial audit covering a two-year period.

14 (2) An audit covering a five-year period if the special district's
15 annual revenues do not exceed an amount specified by the board
16 of supervisors.

17 (3) An audit conducted at specific intervals, as recommended
18 by the county auditor, that shall be completed at least once every
19 five years.

20 (c) (1) A special district may, by unanimous request of the
21 governing board of the special district and with unanimous
22 approval of the board of supervisors, replace the annual audit
23 required by this section with a financial review, in accordance with
24 the appropriate professional standards, as determined by the county
25 auditor, if the following conditions are met:

26 (A) All of the special district's revenues and expenditures are
27 transacted through the county's financial system.

28 (B) The special district's annual revenues do not exceed one
29 hundred fifty thousand dollars (\$150,000).

30 (2) If the board of supervisors is the governing board of the
31 special district, it may, upon unanimous approval, replace the
32 annual audit of the special district required by this section with a
33 financial review in accordance with the appropriate professional
34 standards, as determined by the county auditor, if the special district
35 satisfies the requirements of subparagraphs (A) and (B) of
36 paragraph (1).

37 (d) Notwithstanding this section, a special district shall be
38 exempt from the requirement of an annual audit if the financial
39 statements are audited by the Controller to satisfy federal audit
40 requirements.

1 (e) ~~The~~ *This* section shall become operative on January 1, 2027.
2 SEC. 4. ~~Article 9.5 (commencing with Section 53898) is added~~
3 ~~to Chapter 4 of Part 1 of Division 2 of Title 5 of the Government~~
4 ~~Code, to read:~~

5
6 ~~Article 9.5. Idle Districts~~
7

8 ~~53898. (a) On or before October 1, 2018, and every two years~~
9 ~~thereafter, the Controller shall create a list of special districts that~~
10 ~~are idle. A special district shall be included on that list and~~
11 ~~considered idle if the special district has not submitted financial~~
12 ~~materials to the Controller pursuant to Section 26909 by two years~~
13 ~~from the date the financial materials were due.~~

14 ~~(b) (1) On or before November 1, 2018, and every two years~~
15 ~~thereafter, the Controller shall notify a special district if the~~
16 ~~Controller has added the special district to the list pursuant to~~
17 ~~subdivision (a):~~

18 ~~(2) (A) A special district shall submit a statement of purpose~~
19 ~~with every audit, financial review, agreed-upon procedures~~
20 ~~engagement, or financial compilation the special district submits~~
21 ~~to the Controller and the local agency formation commission. The~~
22 ~~statement of purpose shall include all of the following:~~

23 ~~(i) A list of any previous efforts made by the special district,~~
24 ~~the local agency formation commission, or the county toward~~
25 ~~dissolution, reorganization, or consolidation of the special district.~~

26 ~~(ii) The date that the special district last performed a service.~~

27 ~~(iii) Any planned date that the special district expects to perform~~
28 ~~a service.~~

29 ~~(iv) An explanation for why services provided by the special~~
30 ~~district cannot be provided by the county or city in which the~~
31 ~~special district is located.~~

32 ~~(v) A list of services provided by the special district that are~~
33 ~~also provided by the county or city, if any.~~

34 ~~(B) The Controller shall publish each statement of purpose~~
35 ~~received pursuant to this subdivision on the Controller's Internet~~
36 ~~Web site.~~

37 ~~(e) For purposes of this article, the term "special district" means~~
38 ~~"independent district" or "independent special district" as those~~
39 ~~terms are defined in Section 56044.~~

1 ~~SEC. 5.~~ Section 56040.5 is added to the Government Code, to
2 read:

3 ~~56040.5.~~ “Idle district” means a district included on the list
4 created by the Controller pursuant to Section 53898.

5 ~~SEC. 6.~~

6 ~~SEC. 4.~~ Section 56042 is added to the Government Code, to
7 read:

8 56042. “Inactive district” means a special district that meets
9 all of the following:

10 (a) The special district is ~~an independent district or an~~
11 ~~independent special district, as defined in Section 56044. as defined~~
12 ~~in Section 56036.~~

13 (b) The special district has had no financial transactions in the
14 previous fiscal year.

15 (c) The special district has no assets.

16 (d) The special district has no fund equity.

17 (e) The special district has no outstanding debts, judgments,
18 litigation, contracts, liens, claims, or postemployment liabilities.

19 ~~SEC. 7.~~

20 ~~SEC. 5.~~ Article 6 (commencing with Section 56879) is added
21 to Chapter 5 of Part 3 of Division 3 of Title 5 of the Government
22 Code, to read:

23

24 Article 6. ~~Idle and~~ Inactive Special Districts

25

26 56879. (a) The commission shall dissolve inactive districts.
27 The commission shall hold one public hearing on the dissolution
28 of an inactive district pursuant to this section. The dissolution of
29 an inactive district shall not be subject to any of the following:

30 (1) Protest proceedings, as defined in Section 56069.5.

31 ~~(2) A report pursuant to Section 56665.~~

32 ~~(3)~~

33 (2) Determinations pursuant to subdivision (b) of Section 56881.

34 ~~(4)~~

35 (3) Requirements for commission-initiated changes of
36 organization described in paragraph (3) of subdivision (a) of
37 Section 56375.

38 (b) An inactive district may not object to a proceeding pursuant
39 to this section.

1 ~~56879.5.— (a) The commission shall initiate proceedings to~~
2 ~~dissolve an idle district identified by the Controller pursuant to~~
3 ~~Section 53898 if the special district remains on that list for two~~
4 ~~years.~~

5 ~~(b) If the commission determines that, based upon the~~
6 ~~information contained in a statement of purpose submitted pursuant~~
7 ~~to paragraph (2) of subdivision (b) of Section 53898, there is~~
8 ~~sufficient grounds to initiate a dissolution, reorganization, or~~
9 ~~consolidation, the commission may utilize the statement of purpose~~
10 ~~to initiate the process. Failure to submit a statement of purpose~~
11 ~~shall be sufficient grounds to initiate a dissolution, reorganization,~~
12 ~~or consolidation.~~

13 ~~(c) An idle district may not object to dissolution pursuant to this~~
14 ~~section.~~

15 ~~SEC. 8.~~

16 ~~SEC. 6.~~ Section 2611.6 of the Revenue and Taxation Code is
17 amended to read:

18 2611.6. The following information shall be included in each
19 county tax bill, whether mailed or electronically transmitted, or in
20 a separate statement accompanying the bill:

21 (a) The full value of locally assessed property, including
22 assessments made for irrigation district purposes in accordance
23 with Section 26625.1 of the Water Code.

24 (b) The tax rate required by Article XIII A of the California
25 Constitution.

26 (c) The rate or dollar amount of taxes levied in excess of the
27 1-percent limitation to pay for voter-approved indebtedness
28 incurred before July 1, 1978, or bonded indebtedness for the
29 acquisition or improvement of real property approved by two-thirds
30 of the voters on or after June 4, 1986.

31 (d) The amount of any special ~~taxes~~ *taxes, fixed charges*, and
32 special assessments levied.

33 (e) The amount of any tax rate reduction pursuant to Section
34 96.8, with the notation: "Tax reduction by (name of jurisdiction)."

35 (f) The amount of any exemptions. Exemptions reimbursable
36 by the state shall be shown separately.

37 (g) The total taxes due and payable on the property covered by
38 the bill.

39 (h) Instructions on tendering payment, including the name and
40 mailing address of the tax collector.

1 (i) The billing of any special purpose parcel tax as required by
 2 paragraph (2) of subdivision (b) of Section 53087.4 of the
 3 Government Code, or any successor to that paragraph.

4 ~~(j) A list of all services provided by a city, county, special
 5 district, or school district that are funded by the general ad valorem
 6 property tax and any special taxes or special assessments levied.
 7 For purposes of this subdivision, the term “special district” means
 8 an “independent district” or “independent special district” as those
 9 terms are defined in Section 56044 of the Government Code.~~

10 *(j) Information contained in a county tax bill that is
 11 electronically transmitted shall reflect the same information
 12 contained on both the mailed county tax bill and any separate
 13 statements.*

14 (k) Information specifying all of the following:

15 (1) That if the taxpayer disagrees with the assessed value as
 16 shown on the tax bill, the taxpayer has the right to an informal
 17 assessment review by contacting the assessor’s office.

18 (2) That if the taxpayer and the assessor are unable to agree on
 19 a proper assessed value pursuant to an informal assessment review,
 20 the taxpayer has the right to file an application for reduction in
 21 assessment for the following year with the county board of
 22 equalization or the assessment appeals board, as applicable, and
 23 the time period during which the application will be accepted.

24 (3) The address of the clerk of the county board of equalization
 25 or the assessment appeals board, as applicable, at which forms for
 26 an application for reduction in assessment may be obtained.

27 (4) That if an informal or formal assessment review is requested,
 28 relief from penalties shall apply only to the difference between the
 29 county assessor’s final determination of value and the value on
 30 the assessment roll for the fiscal year covered.

31 ~~SEC. 9.~~

32 *SEC. 7. No reimbursement is required by this act pursuant to*
 33 *Section 6 of Article XIII B of the California Constitution for certain*
 34 *costs that may be incurred by a local agency or school district*
 35 *because, in that regard, ~~this act creates a new crime or infraction,~~*
 36 *~~eliminates a crime or infraction, or changes the penalty for a crime~~*
 37 *~~or infraction, a local agency or school district has the authority~~*
 38 *to levy service charges, fees, or assessments sufficient to pay for*
 39 *the program or level of service mandated by this act within the*
 40 *meaning of Section 17556 of the Government Code, ~~or changes~~*

1 ~~the definition of a crime within the meaning of Section 6 of Article~~
2 ~~XIII B of the California Constitution. Code.~~

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