

AMENDED IN ASSEMBLY APRIL 7, 2008

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2484**

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**Introduced by Assembly Member Caballero**  
*(Coauthors: Senators Hollingsworth and Kehoe)*

February 21, 2008

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An act to amend Sections 56021, 56654, 56824.10, ~~and 56824.12~~ ~~56824.12, 56824.14, 57075, and 57076~~ of the Government Code, ~~and to amend Sections 99, 99.01, 99.03, and 99.2 of the Revenue and Taxation Code,~~ relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2484, as amended, Caballero. Local government: special districts.

(1) Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 defines "change of organization" to mean, among other things, a district formation, a consolidation of cities or special districts, or a merger or establishment of a subsidiary district.

This bill would include within the definition of "change of organization" a proposal for the exercise of new or different functions or classes of services, or the divestiture of the power to provide particular functions or classes of services, within all or part of the jurisdictional boundaries of a special district.

~~The bill would also make various conforming changes.~~

(2) Existing law authorizes a proposal for a change of organization or a reorganization to be made by the adoption of a resolution of application by the legislative body of an affected local agency.

This bill would require a change of organization proposal that involves the exercise of new or different functions or classes of services, or the divestiture of the power to provide particular functions or classes of

services, within all or part of the jurisdictional boundaries of a special district to be initiated only by the legislative body of that special district.

(3) Existing law requires, in addition to the proposal for a change of organization or reorganization, that the legislative body of a special district submit a plan for services, including, among other things, a plan for financing the establishment of the new or different function or class of services within the special district's jurisdictional boundaries.

This bill would also require the legislative body of a special district to include in the plan a written summary of whether the new or different function or class of services, or divestiture of the power to provide particular functions or classes of services within all or part of the jurisdictional boundaries of a special district, will involve the activation or divestiture of the power to provide a particular service or services, service function or functions, or class of service or services.

*(4) Existing law requires a local agency formation commission to review and approve or disapprove proposals for the establishment of new or different functions or class of services within the jurisdictional boundaries of a special district, as specified.*

*This bill would also require the commission to review and approve or disapprove proposals for the divestiture of the power to provide particular functions or class of services, within all or part of the jurisdictional boundaries of a special district, and would prohibit the approval of proposals where the commission has determined that the special district will not have sufficient revenues to carry out the proposed new or different functions or class of services, except as specified.*

*(5) Existing law requires a local agency formation commission to take specified actions with regard to written protests against a proposal for a change of organization or reorganization that consists solely of annexations, detachments, or formation of a county services area in the case of registered voter districts or cities, and where the proposal for a change of organization consists solely of annexations or detachments in the case of landowner-voter districts, as specified.*

*This bill would require the commission to take the same actions with regard to written protests against a proposal for the exercise of new or different functions or class of services, or the divestiture of the power to provide particular functions or class of services, within all or part of the jurisdictional boundaries of a special district, in both a registered voter district or city, or a landowner-voter district.*

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 56021 of the Government Code is  
2 amended to read:  
3 56021. “Change of organization” means any of the following:  
4 (a) A city incorporation.  
5 (b) A district formation.  
6 (c) An annexation to, or detachment from, a city or district.  
7 (d) A disincorporation of a city.  
8 (e) A district dissolution.  
9 (f) A consolidation of cities or special districts.  
10 (g) A merger or establishment of a subsidiary district.  
11 (h) A proposal for the exercise of new or different functions or  
12 classes of services, or divestiture of the power to provide particular  
13 functions or classes of services, within all or part of the  
14 jurisdictional boundaries of a special district.  
15 SEC. 2. Section 56654 of the Government Code is amended  
16 to read:  
17 56654. (a) A proposal for a change of organization or a  
18 reorganization may be made by the adoption of a resolution of  
19 application by the legislative body of an affected local agency,  
20 except as provided in subdivision (b).  
21 (b) Notwithstanding Section 56700, a proposal for a change of  
22 organization that involves the exercise of new or different functions  
23 or classes of services, or the divestiture of the power to provide  
24 particular functions or classes of services, within all or part of the  
25 jurisdictional boundaries of a special district, shall only be initiated  
26 by the legislative body of that special district *in accordance with*  
27 *Sections 56824.10, 56824.12, and 56824.14.*  
28 (c) At least 20 days before the adoption of the resolution, the  
29 legislative body may give mailed notice of its intention to adopt  
30 a resolution of application to the commission and to each interested  
31 agency and each subject agency. The notice shall generally describe  
32 the proposal and the affected territory.  
33 (d) Except for the provisions regarding signers and signatures,  
34 a resolution of application shall contain all of the matters specified

1 for a petition in Section 56700 and shall be submitted with a plan  
2 for services prepared pursuant to Section 56653.

3 SEC. 3. Section 56824.10 of the Government Code is amended  
4 to read:

5 56824.10. Commission proceedings for the exercise of new or  
6 different functions or classes of services or divestiture of the power  
7 to provide particular functions or classes of services, within all or  
8 part of the jurisdictional boundaries of a special district, pursuant  
9 to subdivision (b) of Section 56654, may be initiated by a resolution  
10 of application in accordance with this article.

11 SEC. 4. Section 56824.12 of the Government Code is amended  
12 to read:

13 56824.12. (a) A proposal by a special district to provide a new  
14 or different function or class of services or divestiture of the power  
15 to provide particular functions or classes of services, within all or  
16 part of the jurisdictional boundaries of a special district, pursuant  
17 to subdivision (b) of Section 56654, shall be made by the adoption  
18 of a resolution of application by the legislative body of the special  
19 district and shall include all of the matters specified for a petition  
20 in Section 56700, *except paragraph (6) of subdivision (a) of Section*  
21 *56700*, and be submitted with a plan for services prepared pursuant  
22 to Section 56653. The plan for services for purposes of this article  
23 shall also include all of the following information:

24 (1) The total estimated cost to provide the new or different  
25 function or class of services within the special district's  
26 jurisdictional boundaries.

27 (2) The estimated cost of the new or different function or class  
28 of services to customers within the special district's jurisdictional  
29 boundaries. The estimated costs may be identified by customer  
30 class.

31 (3) An identification of existing providers, if any, of the new  
32 or different function or class of services proposed to be provided  
33 and the potential fiscal impact to the customers of those existing  
34 providers.

35 (4) A written summary of whether the new or different function  
36 or class of services or divestiture of the power to provide particular  
37 functions or classes of services, within all or part of the  
38 jurisdictional boundaries of a special district, pursuant to  
39 subdivision (b) of Section 56654, will involve the activation or

1 divestiture of the power to provide a particular service or services,  
2 service function or functions, or class of service or services.

3 (5) A plan for financing the establishment of the new or different  
4 function—~~of~~ or class of services within the special district's  
5 jurisdictional boundaries.

6 (6) Alternatives for the establishment of the new or different  
7 functions or class of services within the special district's  
8 jurisdictional boundaries.

9 (b) The clerk of the legislative body adopting a resolution of  
10 application shall file a certified copy of that resolution with the  
11 executive officer. Except as provided in subdivision (c), the  
12 commission shall process resolutions of application adopted  
13 pursuant to this article in accordance with Section 56824.14.

14 (c) (1) Prior to submitting a resolution of application pursuant  
15 to this article to the commission, the legislative body of the special  
16 district shall conduct a public hearing on the resolution. Notice of  
17 the hearing shall be published pursuant to Sections 56153 and  
18 56154.

19 (2) Any affected local agency, affected county, or any interested  
20 person who wishes to appear at the hearing shall be given an  
21 opportunity to provide oral or written testimony on the resolution.

22 *SEC. 5. Section 56824.14 of the Government Code is amended*  
23 *to read:*

24 56824.14. (a) The commission shall review and approve or  
25 disapprove with or without amendments, wholly, partially, or  
26 conditionally, proposals for the establishment of new or different  
27 functions or class of ~~services within~~ services, or the divestiture of  
28 the power to provide particular functions or class of services,  
29 within all or part of the jurisdictional boundaries of a special  
30 district, after a public hearing called and held for that purpose. *The*  
31 *commission shall not approve a proposal for the establishment of*  
32 *new or different functions or class of services within the*  
33 *jurisdictional boundaries of a special district unless the commission*  
34 *determines that the special district will have sufficient revenues*  
35 *to carry out the proposed new or different functions or class of*  
36 *services except as specified in paragraph (1).*

37 (1) *The commission may approve a proposal for the*  
38 *establishment of new or different functions or class of services*  
39 *within the jurisdictional boundaries of a special district where the*  
40 *commission has determined that the special district will not have*

1 *sufficient revenue to provide the proposed new or different*  
 2 *functions or class of services, if the commission conditions its*  
 3 *approval on the concurrent approval of sufficient revenue sources*  
 4 *pursuant to Section 56886. In approving a proposal, the*  
 5 *commission shall provide that if the revenue sources pursuant to*  
 6 *Section 56886 are not approved, the authority of the special district*  
 7 *to provide new or different functions or class of services shall not*  
 8 *be established.*

9 (2) *Unless otherwise required by the principal act of the subject*  
 10 *special district, or unless otherwise required by Section 57075 or*  
 11 *57076, the approval by the commission for establishment of new*  
 12 *or different functions or class of services, or the divestiture of the*  
 13 *power to provide particular functions or class of services, shall*  
 14 *not be subject to an election.*

15 (b) At least 21 days prior to the date of that hearing, the  
 16 executive officer shall give mailed notice of the hearing to each  
 17 affected local agency or affected county, and to any interested  
 18 party who has filed a written request for notice with the executive  
 19 officer. In addition, at least 21 days prior to the date of that hearing,  
 20 the executive officer shall cause notice of the hearing to be  
 21 published in accordance with Section 56153 in a newspaper of  
 22 general circulation that is circulated within the territory affected  
 23 by the proposal proposed to be adopted.

24 (c) The commission may continue from time to time any hearing  
 25 called pursuant to this section. The commission shall hear and  
 26 consider oral or written testimony presented by any affected local  
 27 agency, affected county, or any interested person who appears at  
 28 any hearing called and held pursuant to this section.

29 *SEC. 6. Section 57075 of the Government Code is amended to*  
 30 *read:*

31 57075. In the case of registered voter districts or cities, where  
 32 a change of organization or reorganization consists solely of  
 33 annexations, detachments, *the exercise of new or different functions*  
 34 *or class of services or the divestiture of the power to provide*  
 35 *particular functions or class of services within all or part of the*  
 36 *jurisdictional boundaries of a special district, or formation of*  
 37 county service areas, or any combination of those proposals, the  
 38 commission, not more than 30 days after the conclusion of the  
 39 hearing, shall make a finding regarding the value of written protests

1 filed and not withdrawn, and take one of the following actions,  
2 except as provided in subdivision (b) of Section ~~57002~~: 57002:

3 (a) In the case of inhabited territory, take one of the following  
4 actions:

5 (1) Terminate proceedings if a majority protest exists in  
6 accordance with Section 57078.

7 (2) Order the change of organization or reorganization subject  
8 to confirmation by the registered voters residing within the affected  
9 territory if written protests have been filed and not withdrawn by  
10 either of the following:

11 (A) At least 25 percent, but less than 50 percent, of the registered  
12 voters residing in the affected territory.

13 (B) At least 25 percent of the number of owners of land who  
14 also own at least 25 percent of the assessed value of land within  
15 the affected territory.

16 (3) Order the change of organization or reorganization without  
17 an election if written protests have been filed and not withdrawn  
18 by less than 25 percent of the registered voters or less than 25  
19 percent of the number of owners of land owning less than 25  
20 percent of the assessed value of land within the affected territory.

21 (b) In the case of uninhabited territory, take either of the  
22 following actions:

23 (1) Terminate proceedings if a majority protest exists in  
24 accordance with Section 57078.

25 (2) Order the change of organization or reorganization if written  
26 protests have been filed and not withdrawn by owners of land who  
27 own less than 50 percent of the total assessed value of land within  
28 the affected territory.

29 *SEC. 7. Section 57076 of the Government Code is amended to*  
30 *read:*

31 57076. In the case of landowner-voter districts, where a change  
32 of organization or reorganization consists solely of annexations  
33 or detachments, *the exercise of new or different functions or class*  
34 *of services or the divestiture of the power to provide particular*  
35 *functions or class of services within all or part of the jurisdictional*  
36 *boundaries of a special district, or any combination of those*  
37 *proposals, the commission, not more than 30 days after the*  
38 *conclusion of the hearing, shall make a finding regarding the value*  
39 *of written protests filed and not withdrawn, and take one of the*

1 following actions, except as provided in subdivision (b) of Section  
2 57002:

3 (a) Terminate proceedings if a majority protest exists in  
4 accordance with Section 57078.

5 (b) Order the change of organization or reorganization subject  
6 to an election within the affected territory if written protests have  
7 been filed and not withdrawn represent either of the following:

8 (1) Twenty-five percent or more of the number of owners of  
9 land who also own 25 percent or more of the assessed value of  
10 land within the territory.

11 (2) Twenty-five percent or more of the voting power of  
12 landowner voters entitled to vote as a result of owning property  
13 within the territory.

14 (c) Order the change of organization or reorganization without  
15 an election if written protests have been filed and not withdrawn  
16 by less than 25 percent of the number of owners of land who own  
17 less than 25 percent of the assessed value of land within the  
18 affected territory.

19 ~~SEC. 5. Section 99 of the Revenue and Taxation Code is~~  
20 ~~amended to read:~~

21 ~~99. (a) For the purposes of the computations required by this~~  
22 ~~chapter:~~

23 ~~(1) In the case of a jurisdictional change of organization, other~~  
24 ~~than a city incorporation or a formation of a district as defined in~~  
25 ~~Section 2215, the auditor shall adjust the allocation of property~~  
26 ~~tax revenue determined pursuant to Section 96 or 96.1, or the~~  
27 ~~annual tax increment determined pursuant to Section 96.5, for local~~  
28 ~~agencies whose service area or service responsibility would be~~  
29 ~~altered by the jurisdictional change of organization, as determined~~  
30 ~~pursuant to subdivision (b) or (c).~~

31 ~~(2) In the case of a city incorporation, the auditor shall assign~~  
32 ~~the allocation of property tax revenues determined pursuant to~~  
33 ~~Section 56810 of the Government Code and the adjustments in tax~~  
34 ~~revenues that may occur pursuant to Section 56815 of the~~  
35 ~~Government Code to the newly formed city or district and shall~~  
36 ~~make the adjustment as determined by Section 56810 in the~~  
37 ~~allocation of property tax revenue determined pursuant to Section~~  
38 ~~96 or 96.1 for each local agency whose service area or service~~  
39 ~~responsibilities would be altered by the incorporation.~~

1 ~~(3) In the case of a formation of a district as defined in Section~~  
2 ~~2215, the auditor shall assign the allocation of property tax~~  
3 ~~revenues determined pursuant to Section 56810 of the Government~~  
4 ~~Code to the district and shall make the adjustment as determined~~  
5 ~~by Section 56810 in the allocation of property tax revenue~~  
6 ~~determined pursuant to Section 96 or 96.1 for each local agency~~  
7 ~~whose service area or service responsibilities would be altered by~~  
8 ~~the formation.~~

9 ~~(b) Upon the filing of an application or a resolution pursuant to~~  
10 ~~the Cortese-Knox-Hertzberg Local Government Reorganization~~  
11 ~~Act of 2000 (Division 3 (commencing with Section 56000) of Title~~  
12 ~~5 of the Government Code), but prior to the issuance of a certificate~~  
13 ~~of filing, the executive officer shall give notice of the filing to the~~  
14 ~~assessor and auditor of each county within which the territory~~  
15 ~~subject to the jurisdictional change of organization is located. This~~  
16 ~~notice shall specify each local agency whose service area or~~  
17 ~~responsibility will be altered by the jurisdictional change of~~  
18 ~~organization.~~

19 ~~(1) (A) The county assessor shall provide to the county auditor,~~  
20 ~~within 30 days of the notice of filing, a report which identifies the~~  
21 ~~assessed valuations for the territory subject to the jurisdictional~~  
22 ~~change of organization and the tax rate area or areas in which the~~  
23 ~~territory exists.~~

24 ~~(B) The auditor shall estimate the amount of property tax~~  
25 ~~revenue generated within the territory that is the subject of the~~  
26 ~~jurisdictional change of organization during the current fiscal year.~~

27 ~~(2) The auditor shall estimate what proportion of the property~~  
28 ~~tax revenue determined pursuant to paragraph (1) is attributable~~  
29 ~~to each local agency pursuant to Section 96.1 and Section 96.5.~~

30 ~~(3) Within 45 days of notice of the filing of an application or~~  
31 ~~resolution, the auditor shall notify the governing body of each local~~  
32 ~~agency whose service area or service responsibility will be altered~~  
33 ~~by the amount of, and allocation factors with respect to, property~~  
34 ~~tax revenue estimated pursuant to paragraph (2) that is subject to~~  
35 ~~a negotiated exchange.~~

36 ~~(4) Upon receipt of the estimates pursuant to paragraph (3) the~~  
37 ~~local agencies shall commence negotiations to determine the~~  
38 ~~amount of property tax revenues to be exchanged between and~~  
39 ~~among the local agencies. This negotiation period shall not exceed~~  
40 ~~60 days.~~

1 The exchange may be limited to an exchange of property tax  
2 revenues from the annual tax increment generated in the area  
3 subject to the jurisdictional change of organization and attributable  
4 to the local agencies whose service area or service responsibilities  
5 will be altered by the proposed jurisdictional change of  
6 organization. The final exchange resolution shall specify how the  
7 annual tax increment shall be allocated in future years.

8 (5) In the event that a jurisdictional change of organization  
9 would affect the service area or service responsibility of one or  
10 more special districts, the board of supervisors of the county or  
11 counties in which the districts are located shall, on behalf of the  
12 district or districts, negotiate any exchange of property tax  
13 revenues. Prior to entering into negotiation on behalf of a district  
14 for the exchange of property tax revenue, the board shall consult  
15 with the affected district. The consultation shall include, at a  
16 minimum, notification to each member and executive officer of  
17 the district board of the pending consultation and provision of  
18 adequate opportunity to comment on the negotiation.

19 (6) Notwithstanding any other provision of law, the executive  
20 officer shall not issue a certificate of filing pursuant to Section  
21 56658 of the Government Code until the local agencies included  
22 in the property tax revenue exchange negotiation, within the 60-day  
23 negotiation period, present resolutions adopted by each such county  
24 and city whereby each county and city agrees to accept the  
25 exchange of property tax revenues.

26 (7) In the event that the commission modifies the proposal or  
27 its resolution of determination, any local agency whose service  
28 area or service responsibility would be altered by the proposed  
29 jurisdictional change of organization may request, and the  
30 executive officer shall grant, 15 days for the affected agencies,  
31 pursuant to paragraph (4) to renegotiate an exchange of property  
32 tax revenues. Notwithstanding the time period specified in  
33 paragraph (4), if the resolutions required pursuant to paragraph  
34 (6) are not presented to the executive officer within the 15-day  
35 period, all proceedings of the jurisdictional change of organization  
36 shall automatically be terminated.

37 (8) In the case of a jurisdictional change that consists of a city's  
38 qualified annexation of unincorporated territory, an exchange of  
39 property tax revenues between the city and the county shall be  
40 determined in accordance with subdivision (c) if that exchange of

1 revenues is not otherwise determined pursuant to either of the  
2 following:

3 (A) Negotiations completed within the applicable period or  
4 periods as prescribed by this subdivision.

5 (B) A master property tax exchange agreement among those  
6 local agencies, as described in subdivision (d).

7 For purposes of this paragraph, a qualified annexation of  
8 unincorporated territory means an annexation, as so described, for  
9 which an application or a resolution was filed on or after January  
10 1, 1998, and on or before January 1, 2010.

11 (9) No later than the date on which the certificate of completion  
12 of the jurisdictional change of organization is recorded with the  
13 county recorder, the executive officer shall notify the auditor or  
14 auditors of the exchange of property tax revenues and the auditor  
15 or auditors shall make the appropriate adjustments as provided in  
16 subdivision (a).

17 (e) Whenever a jurisdictional change of organization is not  
18 required to be reviewed and approved by a local agency formation  
19 commission, the local agencies whose service area or service  
20 responsibilities would be altered by the proposed change of  
21 organization, shall give notice to the State Board of Equalization  
22 and the assessor and auditor of each county within which the  
23 territory subject to the jurisdictional change of organization is  
24 located. This notice shall specify each local agency whose service  
25 area or responsibility will be altered by the jurisdictional change  
26 of organization and request the auditor and assessor to make the  
27 determinations required pursuant to paragraphs (1) and (2) of  
28 subdivision (b). Upon notification by the auditor of the amount  
29 of, and allocation factors with respect to, property tax subject to  
30 exchange, the local agencies, pursuant to the provisions of  
31 paragraphs (4) and (6) of subdivision (b), shall determine the  
32 amount of property tax revenues to be exchanged between and  
33 among the local agencies. Notwithstanding any other provision of  
34 law, no such jurisdictional change of organization shall become  
35 effective until each county and city included in these negotiations  
36 agrees, by resolution, to accept the negotiated exchange of property  
37 tax revenues. The exchange may be limited to an exchange of  
38 property tax revenue from the annual tax increment generated in  
39 the area subject to the jurisdictional change of organization and  
40 attributable to the local agencies whose service area or service

1 responsibilities will be altered by the proposed jurisdictional change  
2 of organization. The final exchange resolution shall specify how  
3 the annual tax increment shall be allocated in future years. Upon  
4 the adoption of the resolutions required pursuant to this section,  
5 the adopting agencies shall notify the auditor who shall make the  
6 appropriate adjustments as provided in subdivision (a). Adjustments  
7 in property tax allocations made as the result of a city or library  
8 district withdrawing from a county free library system pursuant  
9 to Section 19116 of the Education Code shall be made pursuant  
10 to Section 19116 of the Education Code, and this subdivision shall  
11 not apply.

12 ~~(d) With respect to adjustments in the allocation of property~~  
13 ~~taxes pursuant to this section, a county and any local agency or~~  
14 ~~agencies within the county may develop and adopt a master~~  
15 ~~property tax transfer agreement. The agreement may be revised~~  
16 ~~from time to time by the parties subject to the agreement.~~

17 ~~(e) (1) An exchange of property tax revenues that is required~~  
18 ~~by paragraph (8) of subdivision (b) to be determined pursuant to~~  
19 ~~this subdivision shall be determined in accordance with all of the~~  
20 ~~following:~~

21 ~~(A) The city and the county shall mutually select a third-party~~  
22 ~~consultant to perform a comprehensive, independent fiscal analysis,~~  
23 ~~funded in equal portions by the city and the county, that specifies~~  
24 ~~estimates of all tax revenues that will be derived from the annexed~~  
25 ~~territory and the costs of city and county services with respect to~~  
26 ~~the annexed territory. The analysis shall be completed within a~~  
27 ~~period not to exceed 30 days, and shall be based upon the general~~  
28 ~~plan or adopted plans and policies of the annexing city and the~~  
29 ~~intended uses for the annexed territory. If, upon the completion of~~  
30 ~~the analysis period, no exchange of property tax revenues is agreed~~  
31 ~~upon by the city and the county, subparagraph (B) shall apply.~~

32 ~~(B) The city and the county shall mutually select a mediator,~~  
33 ~~funded in equal portions by those agencies, to perform mediation~~  
34 ~~for a period of not to exceed 30 days. If, upon the completion of~~  
35 ~~the mediation period, no exchange of property tax revenues is~~  
36 ~~agreed upon by the city and the county, subparagraph (C) shall~~  
37 ~~apply.~~

38 ~~(C) The city and the county shall mutually select an arbitrator,~~  
39 ~~funded in equal portions by those agencies, to conduct an advisory~~  
40 ~~arbitration with the city and the county for a period of not to exceed~~

1 30 days. At the conclusion of this arbitration period, the city and  
2 the county shall each present to the arbitrator its last and best offer  
3 with respect to the exchange of property tax revenues. The  
4 arbitrator shall select one of the offers and recommend that offer  
5 to the governing bodies of the city and the county. If the governing  
6 body of the city or the county rejects the recommended offer, it  
7 shall do so during a public hearing, and shall, at the conclusion of  
8 that hearing, make written findings of fact as to why the  
9 recommended offer was not accepted.

10 (2) Proceedings under this subdivision shall be concluded no  
11 more than 150 days after the auditor provides the notification  
12 pursuant to paragraph (3) of subdivision (b), unless one of the  
13 periods specified in this subdivision is extended by the mutual  
14 agreement of the city and the county. Notwithstanding any other  
15 provision of law, except for those conditions that are necessary to  
16 implement an exchange of property tax revenues determined  
17 pursuant to this subdivision, the local agency formation  
18 commission shall not impose any fiscal conditions upon a city's  
19 qualified annexation of unincorporated territory that is subject to  
20 this subdivision.

21 (f) Except as otherwise provided in subdivision (g), for the  
22 purpose of determining the amount of property tax to be allocated  
23 in the 1979-80 fiscal year and each fiscal year thereafter for those  
24 local agencies that were affected by a jurisdictional change of  
25 organization which was filed with the State Board of Equalization  
26 after January 1, 1978, but on or before January 1, 1979. The local  
27 agencies shall determine by resolution the amount of property tax  
28 revenues to be exchanged between and among the affected agencies  
29 and notify the auditor of the determination.

30 (g) For the purpose of determining the amount of property tax  
31 to be allocated in the 1979-80 fiscal year and each fiscal year  
32 thereafter, for a city incorporation that was filed pursuant to  
33 Sections 54900 to 54904, inclusive, after January 1, 1978, but on  
34 or before January 1, 1979, the amount of property tax revenue  
35 considered to have been received by the jurisdiction for the  
36 1978-79 fiscal year shall be equal to two-thirds of the amount of  
37 property tax revenue projected in the final local agency formation  
38 commission staff report pertaining to the incorporation multiplied  
39 by the proportion that the total amount of property tax revenue  
40 received by all jurisdictions within the county for the 1978-79

1 fiscal year bears to the total amount of property tax revenue  
2 received by all jurisdictions within the county for the 1977-78  
3 fiscal year. Except, however, in the event that the final commission  
4 report did not specify the amount of property tax revenue projected  
5 for that incorporation, the commission shall by October 10,  
6 determine pursuant to Section 54790.3 of the Government Code  
7 the amount of property tax to be transferred to the city.

8 The provisions of this subdivision shall also apply to the  
9 allocation of property taxes for the 1980-81 fiscal year and each  
10 fiscal year thereafter for incorporations approved by the voters in  
11 June 1979.

12 (h) For the purpose of the computations made pursuant to this  
13 section, in the case of a district formation that was filed pursuant  
14 to Sections 54900 to 54904, inclusive, of the Government Code  
15 after January 1, 1978, but before January 1, 1979, the amount of  
16 property tax to be allocated to the district for the 1979-80 fiscal  
17 year and each fiscal year thereafter shall be determined pursuant  
18 to Section 54790.3 of the Government Code.

19 (i) For the purposes of the computations required by this chapter,  
20 in the case of a jurisdictional change of organization, other than a  
21 change requiring an adjustment by the auditor pursuant to  
22 subdivision (a), the auditor shall adjust the allocation of property  
23 tax revenue determined pursuant to Section 96 or 96.1 or its  
24 predecessor section, or the annual tax increment determined  
25 pursuant to Section 96.5 or its predecessor section, for each local  
26 school district, community college district, or county  
27 superintendent of schools whose service area or service  
28 responsibility would be altered by the jurisdictional change of  
29 organization, as determined as follows:

30 (1) The governing body of each district, county superintendent  
31 of schools, or county whose service areas or service responsibilities  
32 would be altered by the change shall determine the amount of  
33 property tax revenues to be exchanged between and among the  
34 affected jurisdictions. This determination shall be adopted by each  
35 affected jurisdiction by resolution. For the purpose of negotiation,  
36 the county auditor shall furnish the parties and the county board  
37 of education with an estimate of the property tax revenue subject  
38 to negotiation.

39 (2) In the event that the affected jurisdictions are unable to agree,  
40 within 60 days after the effective date of the jurisdictional change

1 of organization, and if all the jurisdictions are wholly within one  
2 county, the county board of education shall, by resolution,  
3 determine the amount of property tax revenue to be exchanged. If  
4 the jurisdictions are in more than one county, the State Board of  
5 Education shall, by resolution, within 60 days after the effective  
6 date of the jurisdictional change of organization, determine the  
7 amount of property tax to be exchanged.

8 (3) Upon adoption of any resolution pursuant to this subdivision,  
9 the adopting jurisdictions or State Board of Education shall notify  
10 the county auditor who shall make the appropriate adjustments as  
11 provided in subdivision (a).

12 (j) For purposes of subdivision (i), the annexation by a  
13 community college district of territory within a county not  
14 previously served by a community college district is an alteration  
15 of service area. The community college district and the county  
16 shall negotiate the amount, if any, of property tax revenues to be  
17 exchanged. In these negotiations, there shall be taken into  
18 consideration the amount of revenue received from the timber  
19 yield tax and forest reserve receipts by the community college  
20 district in the area not previously served. In no event shall the  
21 property tax revenue to be exchanged exceed the amount of  
22 property tax revenue collected prior to the annexation for the  
23 purposes of paying tuition expenses of residents enrolled in the  
24 community college district, adjusted each year by the percentage  
25 change in population and the percentage change in the cost of  
26 living, or per capita personal income, whichever is lower, less the  
27 amount of revenue received by the community college district in  
28 the annexed area from the timber yield tax and forest reserve  
29 receipts.

30 (k) At any time after a jurisdictional change of organization is  
31 effective, any of the local agencies party to the agreement to  
32 exchange property tax revenue may renegotiate the agreement with  
33 respect to the current fiscal year or subsequent fiscal years, subject  
34 to approval by all local agencies affected by the renegotiation.

35 SEC. 6. Section 99.01 of the Revenue and Taxation Code is  
36 amended to read:

37 99.01. (a) For the purposes of Section 99, in the case of a  
38 jurisdictional change of organization that will result in a special  
39 district providing one or more services to an area where those

1 services have not been previously provided by any local agency,  
 2 the following shall apply:

3 (1) ~~The special district referred to in this subdivision and each~~  
 4 ~~local agency that receives an apportionment of property tax revenue~~  
 5 ~~from the area shall be considered local agencies whose service~~  
 6 ~~area or service responsibility will be altered by the jurisdictional~~  
 7 ~~change of organization.~~

8 (2) ~~The exchange of property tax among those local agencies~~  
 9 ~~shall be limited to property tax revenue from the annual tax~~  
 10 ~~increment generated in the area subject to the jurisdictional change~~  
 11 ~~of organization and attributable to those local agencies.~~

12 (3) ~~Notwithstanding the provisions of paragraph (5) of~~  
 13 ~~subdivision (b) of Section 99, any special district affected by the~~  
 14 ~~jurisdictional change of organization may negotiate on its own~~  
 15 ~~behalf, if it so chooses.~~

16 (4) ~~If a special district involved in the negotiation (other than~~  
 17 ~~the district which will provide one or more services to the area~~  
 18 ~~where those services have not been previously provided) fails to~~  
 19 ~~adopt a resolution providing for the exchange of property tax~~  
 20 ~~revenue, the board of supervisors of the county in the area subject~~  
 21 ~~to the jurisdictional change of organization is located shall~~  
 22 ~~determine the exchange of property tax revenue for that special~~  
 23 ~~district.~~

24 (b) ~~The provisions of subdivisions (a), (b), (c), (d), and (j) of~~  
 25 ~~Section 99 not in conflict with this section shall apply. The~~  
 26 ~~jurisdictional changes of organization described in subdivisions~~  
 27 ~~(e), (f), (g), (h), and (i) of Section 99 shall not be affected by the~~  
 28 ~~provisions of this section.~~

29 SEC. 7. ~~Section 99.03 of the Revenue and Taxation Code is~~  
 30 ~~amended to read:~~

31 99.03. (a) ~~For the purposes of Section 99, in the case of a~~  
 32 ~~jurisdictional change of organization that results in a qualifying~~  
 33 ~~city, as defined in Section 98, providing its own fire protection~~  
 34 ~~services in accordance with Section 25643 of the Government~~  
 35 ~~Code in lieu of the county providing those services, the negotiated~~  
 36 ~~exchange of property tax revenues between the county and the~~  
 37 ~~qualifying city pursuant to subdivision (c) of Section 99 as a result~~  
 38 ~~of that jurisdictional change of organization may also provide for~~  
 39 ~~a negotiated adjustment in the amount of property tax revenue~~  
 40 ~~distributed by the auditor to the qualifying city in accordance with~~

1 Section 98. The negotiated adjustment may be made in any amount  
2 that does not exceed the amount of property tax revenue exchanged  
3 between the county and the qualifying city.

4 (b) This section applies only to exchanges of property tax  
5 revenue affecting the County of Riverside and qualifying cities  
6 within that county.

7 SEC. 8. Section 99.2 of the Revenue and Taxation Code is  
8 amended to read:

9 99.2. No amendment made by any chapter of the Statutes of  
10 1980, or any year thereafter, to Section 99 of the Revenue and  
11 Taxation Code shall be construed, except as expressly provided  
12 therein, to apply to a jurisdictional change of organization initiated,  
13 pursuant to the applicable provisions of law governing those  
14 jurisdictional changes of organization, prior to the effective date  
15 of the amendment. The provisions of Section 99 of the Revenue  
16 and Taxation Code in effect at the time the jurisdictional change  
17 of organization is initiated shall govern the procedures for, and  
18 exchange of, property tax revenues between local agencies whose  
19 service area or service responsibility would be altered by that  
20 jurisdictional change of organization, provided that there shall be  
21 no duty to impound any property tax revenues.

22

23 \_\_\_\_\_  
24 CORRECTIONS:

25 Text—Page 5.  
26 \_\_\_\_\_