

AMENDED IN SENATE JUNE 14, 2011

CALIFORNIA LEGISLATURE—2011–12 FIRST EXTRAORDINARY SESSION

ASSEMBLY BILL

No. 27

Introduced by Assembly Member Blumenfield

May 19, 2011

An act relating to the Budget Act of 2011. An act to add Part 1.9 (commencing with Section 34192) to Division 24 of the Health and Safety Code, relating to redevelopment, and making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

AB 27, as amended, Blumenfield. ~~Budget Act of 2011. Voluntary Alternative Redevelopment Program.~~

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2011.~~

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined, in those communities and requires agencies to prepare, or cause to be prepared, and to approve a redevelopment plan for each project area.

This bill would, notwithstanding specified law, upon the enactment of specified legislation concerning redevelopment, establish a voluntary alternative redevelopment program whereby a redevelopment agency would be authorized to continue to exist upon the enactment of an ordinance by the community to comply with the bill's provisions. The bill would require the city or county that created a redevelopment agency to notify the county auditor-controller, the Controller, and the Department of Finance on or before November 1, 2011, that the community will comply with the bill's provisions. The bill would require

a participating city or county to make specified remittances to the county auditor-controller, who shall allocate the remittances for deposit into a Special District Allocation Fund, for specified allocation to certain special districts, and into to a county Educational Revenue Augmentation Fund, as prescribed. The bill would authorize the city or county to enter into an agreement with the redevelopment agency in that jurisdiction, whereby the redevelopment agency would transfer a portion of its tax increment to the city or county for the purpose of financing certain activities within the redevelopment area, as specified. The bill would impose specified sanctions on a city or county that fails to make the required remittances, as determined by the Director of Finance. This bill would authorize the county auditor-controller to charge a fee that does not exceed the reasonable costs to the county auditor-controller to implement the provisions of this bill.

This bill would authorize a community to establish a new redevelopment agency only after the debt obligations of the former redevelopment agency have been retired and the community satisfies the provisions of this bill, as specified.

This bill would require that the Community Redevelopment Agency of the City of Los Angeles be allocated specified tax increments from certain parcels that were previously subject to a court-imposed cap on tax increment for a previous project area, but that are now included within the new redevelopment project areas, as specified.

The bill would appropriate \$500,000 from the General Fund to the Department of Finance for the costs to comply with the bill.

The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. Governor Schwarzenegger issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 6, 2010. Governor Brown issued a proclamation on January 20, 2011, declaring and reaffirming that a fiscal emergency exists and stating that his proclamation supersedes the earlier proclamation for purposes of that constitutional provision.

This bill would state that it addresses the fiscal emergency declared and reaffirmed by the Governor by proclamation issued on January 20, 2011, pursuant to the California Constitution.

This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

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

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

1 *SECTION 1. The Legislature finds and declares all of the*
2 *following:*

3 *(a) Section 16 of Article XVI of the California Constitution*
4 *delegates authority to the Legislature to establish redevelopment*
5 *agencies by statute. The Legislature retains the authority to*
6 *dissolve redevelopment agencies by statute or to establish*
7 *conditions for the continued operation of redevelopment agencies*
8 *that apply to communities on a voluntary basis.*

9 *(b) The diversion of over five billion dollars (\$5,000,000,000)*
10 *in property tax revenue to redevelopment agencies each year has*
11 *made it increasingly difficult for the state to meet its funding*
12 *obligations to the schools.*

13 *(c) The establishment of voluntary conditions on communities*
14 *to allow for the continuation of redevelopment agencies provides*
15 *a way to stabilize school funding in communities and allow*
16 *redevelopment agencies to continue to make investments to*
17 *remediate blight and create jobs in their communities.*

18 *SEC. 2. Part 1.9 (commencing with Section 34192) is added*
19 *to Division 24 of the Health and Safety Code, to read:*

20
21 *PART 1.9. ALTERNATIVE VOLUNTARY REDEVELOPMENT*
22 *PROGRAM*

23
24 *CHAPTER 1. APPLICATION OF THIS PART*
25

26 34192. Notwithstanding any provision of law, if a city or county
27 that includes a redevelopment agency participates in the program
28 established pursuant to this part and complies with all
29 requirements and obligations contained in this part, a
30 redevelopment agency included in that city or county shall be
31 exempt from Part 1.8 (commencing with Section 34161), Part 1.85
32 (commencing with Section 34170), and any other conflicting
33 provision of law.

34 34192.5. (a) This part shall be operative only if Part 1.8
35 (commencing with Section 34161) and Part 1.85 (commencing
36 with Section 34170) are enacted and operative at the time the act
37 adding this part takes effect.

(b) To the extent that Part 1.8 (commencing with Section 34161) or Part 1.85 (commencing with Section 34170) conflict with this part, the provisions of this part shall control.

CHAPTER 2. CONTINUED AGENCY EXISTENCE

34193. (a) Notwithstanding Part 1.8 (commencing with Section 34161), Part 1.85 (commencing with Section 34170), or any other law, a redevelopment agency may continue to exist and carry out the provisions of the Community Redevelopment Law (Part 1 (commencing with Section 33000)) only upon the enactment of an ordinance enacted by the community to comply with this part on or before November 1, 2011, except as provided in clause (ii) of subparagraph (L) of paragraph (2) of subdivision (b) of Section 34194.

(b) If a city or county intends to enact the ordinance provided for in this section after October 1, 2011, it shall indicate that intention by adopting a nonbinding resolution of intent to that effect prior to October 1, 2011, and notify the Department of Finance, the Controller, and the county auditor before October 1, 2011, concerning the resolution. This action shall delay the dissolution of a redevelopment agency until November 1, 2011. If a city or county does not enact an ordinance pursuant to this part, Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) shall apply, as applicable, to a redevelopment agency.

34193.1. On or before November 1, 2011, a city or county that has created a redevelopment agency and enacted an ordinance pursuant to Section 34193 shall notify the county auditor-controller, the Controller, and the Department of Finance that the city or county agree to comply with the provisions of this part.

34193.2. The community remittances that are made under this part are intended to benefit the community by ensuring improved educational and other community services in the areas served by the redevelopment agency.

(a) A city or county's agreement to remit revenues to school entities and special districts under this part is a precondition to continue redevelopment pursuant to this part.

(b) Participation in the alternative voluntary redevelopment program shall also constitute an agreement, on the part of a city or county, that it assigns its rights to any payments owed from a redevelopment agency, including, but not limited to, payments from loan agreements, to the state, in the event that the city or county fails to make a remittance required pursuant to this part.

34193.3. The actions of any redevelopment agency of a participating city or county that has enacted an ordinance pursuant to Section 34193, taken after the date of the adoption of that ordinance, and which are subject to the provisions of Sections 33500 or 33501, shall not be subject to subdivision (c) or (d) of Section 33500 or of subdivision (c) of Section 33501. Instead, these actions shall be subject to the other provisions of those sections notwithstanding that the actions occurred after January 1, 2011.

CHAPTER 3. COMMUNITY REMITTANCES

34194. (a) A city or county that includes a redevelopment agency that has complied with this part shall make the remittances required by this section to the county auditor-controller. The county auditor-controller shall deposit an amount as determined by Section 34194.4 into the Special District Allocation Fund, and remaining funds shall be remitted to the county Educational Revenue Augmentation Fund, created pursuant to Article 3 (commencing with Section 97) of Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code.

(b) (1) For the 2011–12 fiscal year, a city or county shall remit an amount equal to the amount determined for the redevelopment agencies in that city or county pursuant to subparagraph (1) of paragraph (2).

(2) Utilizing the Controller’s redevelopment agency 2008–09 annual report, the Director of Finance shall do all of the following for the 2011–12 fiscal year:

(A) Determine the net tax increment apportioned to each redevelopment agency pursuant to Section 33670, calculated as a redevelopment agency’s tax increment revenue, excluding any amounts apportioned to affected taxing agencies pursuant to Section 33401, 33492.140, 33607, 33607.5, 33607.7, or 33676, and excluding all amounts used to pay for tax allocation bonds

1 and interest payments specified in the Controller's report, in the
2 2008–09 fiscal year.

3 (B) Determine the net tax increment apportioned to all
4 redevelopment agencies pursuant to Section 33670, calculated as
5 all redevelopment agencies' tax increment revenue, excluding any
6 amounts apportioned to affected taxing agencies pursuant to
7 Section 33401, 33492.140, 33607, 33607.5, 33607.7, or 33676,
8 and excluding all amounts used to pay for tax allocation bonds
9 and interest payments specified in the Controller's report, in the
10 2008–09 fiscal year.

11 (C) Determine each redevelopment agency's proportionate
12 share of statewide net tax increment by dividing the amount
13 determined pursuant to subparagraph (A) by the amount
14 determined pursuant to subparagraph (B).

15 (D) Determine a proportionate amount of net tax increment for
16 each redevelopment agency by multiplying one billion seven
17 hundred million dollars (\$1,700,000,000) by the proportionate
18 share determined pursuant to subparagraph (C).

19 (E) Determine the total amount of property tax revenue
20 apportioned to each redevelopment agency pursuant to Section
21 33670, calculated as a redevelopment agency's tax increment
22 revenue, including any amounts apportioned to affected taxing
23 agencies pursuant to Section 33401, 33492.140, 33607, 33607.5,
24 33607.7, or 33676, and including all amounts used for payments
25 of tax allocation bonds and interest payments specified in the
26 Controller's report, in the 2008–09 fiscal year.

27 (F) Determine the total amount of property tax revenue
28 apportioned to all redevelopment agencies pursuant to Section
29 33670, calculated as all redevelopment agencies' tax increment
30 revenue, including any amounts apportioned to affected taxing
31 agencies pursuant to Section 33401, 33492.140, 33607, 33607.5,
32 33607.7, or 33676, and including all amounts used for payments
33 of tax allocation bonds and interest payments specified in the
34 Controller's report, in the 2008–09 fiscal year.

35 (G) Determine each redevelopment agency's proportionate
36 share of property tax revenue by dividing the amount determined
37 pursuant to subparagraph (E) by the amount determined pursuant
38 to subparagraph (F).

39 (H) Determine a proportionate amount of property tax revenue
40 for each redevelopment agency by multiplying one billion seven

1 hundred million dollars (\$1,700,000,000) by the proportionate
2 share determined pursuant to subparagraph (G).

3 (I) Average the amounts determined pursuant to subparagraphs
4 (D) and (H).

5 (J) On or before August 1, 2011, notify each city or county of
6 the amount determined pursuant to subparagraph (I) for a
7 redevelopment agency of that city or county.

8 (K) Notify each county auditor-controller of the amounts
9 determined pursuant to subparagraph (I) for each agency in his
10 or her county.

11 (L) (i) After receiving the notification from the Director of
12 Finance pursuant to subparagraph (J), a city or county may appeal
13 the amount of remittance to the director on or before August 15,
14 2011, on the basis that the information in the Controller's report
15 was in error or that the percentage of tax increment necessary to
16 pay for tax allocation bonds and interest payments has increased
17 by 10 percent or more over the percentage calculated pursuant to
18 the Controller's redevelopment agency 2008–09 annual report.
19 Any appeal shall include documentation that clearly and
20 convincingly establishes the basis of the appeal and the amount
21 of the claimed discrepancy.

22 (ii) The director may reject the appeal or approve it, in whole
23 or in part, at the director's sole discretion. The director shall notify
24 the city or county and the county auditor-controller of the decision
25 on the appeal by September 15, 2011. However, the director may
26 extend the decision deadline, at the director's discretion and upon
27 notification of the city or county and the county auditor-controller,
28 until October 15, 2011, in which case the date by which the city
29 or county must enact the ordinance required by this part shall be
30 extended until December 1, 2011. If the director determines that
31 the percentage of tax increment necessary to pay for tax allocation
32 bonds or interest payments has increased by 10 percent or more,
33 as described by this subparagraph, then the director shall
34 recalculate the remittance amount for the city or county identified
35 in subparagraph (I) by reducing the amount in subparagraph (D)
36 to reflect any percentage increase that is in excess of 10 percent.

37 (c) For the 2012–13 fiscal year and each fiscal year thereafter
38 a participating community shall remit an amount equal to the sum
39 of the amounts specified in paragraphs (1) and (2):

(1) For a community subject to a remittance amount determined for the 2011–12 fiscal year pursuant to subdivision (b), a base payment equal to the base payment in the prior fiscal year, increased by the percentage growth or decreased by the percentage reduction, as appropriate, from the prior fiscal year in the total adjusted amount of property tax increment revenue allocated to the redevelopment agency of the community pursuant to Section 33670 with respect to project areas that were in existence, and for which the agency received allocations of tax increment revenue, during the 2011–12 fiscal year.

(A) For the 2012–13 fiscal year, the base payment in the prior fiscal year shall be the remittance amount determined pursuant to subdivision (b) for the 2011–12 fiscal year multiplied by the ratio of four hundred million dollars (\$400,000,000) to one billion seven hundred million dollars (\$1,700,000,000).

(B) The “adjusted amount of property tax increment revenue” described in this paragraph means an amount of property tax increment in any fiscal year for a project area that is calculated by subtracting the amount of any debt service or other payments for new debt issuances or obligations, as provided in paragraph (2), from the total amount of property tax increment revenue allocated in that year to the agency with respect to that project area.

(2) (A) An amount equivalent to 80 percent, or any lesser amount as may be authorized by law for qualifying projects, of the total net school share, as described in subparagraph (B), of debt service or other payments made in that fiscal year for new debt or obligations issued or incurred on or after November 1, 2011, as shown on the agency’s statement of indebtedness, excluding any debts issued or incurred on behalf of the agency’s Low and Moderate Income Housing Fund, established pursuant to Section 33334.3. “New debt” means debt that is displayed on a statement of indebtedness filed after a statement of indebtedness filed on October 1, 2011, that was not displayed on the statement of indebtedness filed on October 1, 2011.

(B) For the purpose of subparagraph (A), the net school share shall be the school share of the property tax increment revenues, less any passthrough payments to school entities, that would have been received in the absence of redevelopment by school entities, as defined in subdivision (f) of Section 95 of the Revenue and

1 *Taxation Code, in the jurisdictional territory of the redevelopment*
2 *agency, including, but not limited to, the amounts specified in*
3 *Section 97.68 and 97.70 of the Revenue and Taxation Code.*

4 *(C) It is the intent of the Legislature to enact legislation in the*
5 *2011–12 session to prescribe a schedule of reductions in the*
6 *community remittance, described in subparagraph (A), that will*
7 *authorize payments of less than 80 percent of the school share of*
8 *property taxes to the Educational Revenue Augmentation Fund.*
9 *The reductions shall apply for bonds issued for the purpose of*
10 *funding projects that advance the achievement of statewide goals*
11 *with respect to transportation, housing, economic development*
12 *and job creation, environmental protection and remediation, and*
13 *climate change, including, but not limited to, projects that are*
14 *consistent with the Sustainable Communities Strategies developed*
15 *pursuant to Chapter 4.2 (commencing with Section 21155) of*
16 *Division 13 of the Public Resources Code.*

17 *(3) On or before November 1 of each year, the city or county*
18 *shall notify the Department of Finance, the Controller, and the*
19 *county auditor-controller of the remittance amount required by*
20 *the calculations described in this subdivision. The Director of*
21 *Finance, the Controller, and the county auditor-controller shall*
22 *each be authorized to audit and verify the remittance amount that*
23 *is determined by the city or county. The county auditor-controller,*
24 *based upon an audit conducted by that office, or upon notification*
25 *by the Director of Finance or the Controller based on an audit*
26 *conducted by those offices, that determines that the city or county*
27 *has miscalculated its remittance payment amount, shall adjust the*
28 *amount of the next remittance payment that shall be paid by the*
29 *city or county to reflect the correct amount of payment previously*
30 *owed by the city or county as identified in that audit, as required*
31 *by this subdivision.*

32 *(d) (1) A city or county shall pay one-half of the total remittance*
33 *amount, as calculated pursuant to subdivision (b) or (c), on or*
34 *before January 15 of each year and shall pay the remaining*
35 *one-half of the remittance amount on or before May 15 of each*
36 *year.*

37 *(2) If a city or county fails to make its remittance payment as*
38 *required by paragraph (1), the county auditor-controller shall*
39 *notify the Director of Finance of the failure to make the payment*
40 *within 30 days. Upon receipt of the notification, the Director of*

1 Finance may determine that the redevelopment agency in the city
2 or county shall be subject to the requirements of Part 1.8
3 (commencing with Section 34161) and Part 1.85 (commencing
4 with Section 34170) as described in Section 34195.

5 34194.1. (a) A city or county making remittances to the county
6 auditor-controller pursuant to Section 34194 or 34194.5 may use
7 any available funds not otherwise obligated for other uses.

8 (b) In the 2011–12 fiscal year, the total amount paid pursuant
9 to this chapter to school districts, county offices of education,
10 charter schools, and community college districts shall be
11 considered to be property taxes for the purposes of Section 2558,
12 paragraph (1) of subdivision (h) of Section 42238, and Section
13 84751 of the Education Code. In the 2011–12 fiscal year,
14 notwithstanding any other law, funding provided to local education
15 agencies pursuant to this chapter shall be considered allocated
16 local proceeds of taxes for purposes of Section 8 of Article XVI of
17 the California Constitution.

18 (c) In fiscal years on and after the 2012–13 fiscal year, the total
19 amount paid each year pursuant to this chapter to school districts,
20 county offices of education, charter schools, and community college
21 districts shall not be considered to be property taxes for the
22 purposes of Section 2558, paragraph (1) of subdivision (h) of
23 Section 42238, and Section 84751 of the Education Code. In fiscal
24 years on and after the 2012–13 fiscal year, notwithstanding any
25 other law, funding provided to local education agencies pursuant
26 to this chapter shall not be considered allocated local proceeds
27 of taxes for purposes of Section 8 of Article XVI of the California
28 Constitution.

29 (d) For purposes of computing a school district's property tax
30 revenue, remittances made pursuant to this chapter shall be treated
31 as property tax revenues transferred to school districts, county
32 offices of education, and community college districts pursuant to
33 subdivision (a) of Section 34183 for purposes of Section 41204.3
34 of the Education Code.

35 (e) (1) Notwithstanding Sections 97.2 and 97.3 of the Revenue
36 and Taxation Code, the county auditor-controller shall distribute
37 the funds that are remitted to the county Educational Revenue
38 Augmentation Fund by a city or county pursuant to this section
39 only to a K-12 school district or county office of education that is
40 located partially or entirely within any project area of the

1 redevelopment agency in an amount proportional to the average
2 daily attendance of each school district.

3 (2) The county auditor-controller shall notify each K-12 school
4 district, and the State Department of Education, of the amount of
5 Educational Revenue Augmentation Fund moneys a district
6 receives pursuant to this section. The county auditor-controller
7 shall also notify each K-12 school district receiving funds pursuant
8 to paragraph (1) of the project area boundaries of the
9 redevelopment agency.

10 (3) (A) The county superintendent of schools shall provide the
11 average daily attendance reported for each school district as of
12 the second principal apportionment for the preceding fiscal year
13 to the county auditor-controller.

14 (B) The county auditor-controller shall, based on information
15 provided by the county superintendent of schools pursuant to
16 subparagraph (A), allocate the funding pursuant to this subdivision
17 to those districts within the city or county.

18 (4) School districts and county offices of education shall use
19 the funds received under this section to serve pupils living in the
20 redevelopment areas or in housing supported by redevelopment
21 agency funds. Redevelopment agencies shall provide whatever
22 information school districts and county offices of education need
23 to accomplish this purpose.

24 34194.2. In choosing to continue redevelopment pursuant to
25 this part, a city or county may enter into an agreement with the
26 redevelopment agency in that jurisdiction, whereby the
27 redevelopment agency will transfer a portion of its tax increment
28 to the city or county, in an amount not to exceed the annual
29 remittance required that year pursuant to this chapter, for the
30 purpose of financing activities within the redevelopment area that
31 are related to accomplishing the redevelopment agency project
32 goals.

33 34194.3. For the 2011–12 fiscal year only, a redevelopment
34 agency included in a city or county that complies with the
35 provisions of this part shall be exempt from making the full
36 allocation required to be made to the Low and Moderate Income
37 Housing Fund, pursuant to Sections 33334.2, 33334.4, and
38 33334.6. It is the intent of the Legislature that Low and Moderate
39 Income Housing Fund allocations be maintained to the extent
40 feasible. As a condition of reducing its allocation pursuant to this

1 section, the agency shall make a finding that there are insufficient
2 other moneys to meet its debt and other obligations, current
3 priority program needs, or its obligations under Section 34194.2.

4 34194.4. (a) The county auditor-controller in each county in
5 which a redevelopment agency exists shall establish in the county
6 treasury a Special District Allocation Fund. The county
7 auditor-controller shall deposit the following amounts into the
8 fund out of each annual remittance by a city or county that includes
9 a special district under this section paid pursuant Section 34194
10 as follows:

11 (1) For the 2011–12 fiscal year, the amount shall be the city’s
12 or county’s remittance amount multiplied by the ratio of four
13 million three hundred thousand dollars (\$4,300,000) to one billion
14 seven hundred million dollars (\$1,700,000,000).

15 (2) For the 2012–13 fiscal year and each fiscal year thereafter,
16 the amount shall be the city’s or county’s remittance amount
17 multiplied by the ratio of sixty million dollars (\$60,000,000) to
18 four hundred million dollars (\$400,000,000).

19 (3) Amounts derived from the remittance payments of each city
20 or county shall be maintained in separate accounts in the fund.

21 (b) On or before May 15 each year, the county
22 auditor-controller shall make payments out of each account in the
23 Special District Allocation Fund to each special district whose
24 boundaries include all or any portion of a redevelopment project
25 area of the city’s or county’s redevelopment agency for special
26 district services that the district determines further redevelopment
27 purposes. Each special district shall receive a proportionate share
28 of the total annual deposit in the account, determined as follows:

29 (1) For each special district, the auditor-controller shall
30 determine the annual amount of tax increment revenue of the city’s
31 or county’s redevelopment agency that is attributable to the special
32 district. This amount shall be the amount of additional property
33 tax revenue that the special district would have received in that
34 year had property tax collected on incremental assessed value
35 within the redevelopment project areas been allocated to the
36 district under the property tax allocation laws then in effect. From
37 this amount, the auditor-controller shall subtract any passthrough
38 payments received in that year by the special district from the
39 redevelopment agency.

(2) The county auditor-controller shall sum all of the annual amounts for individual special districts determined in paragraph (1).

(3) For each special district, the county auditor-controller shall calculate the ratio of the amount determined for that special district under paragraph (1) to the total amount determined in paragraph (2). This ratio shall be each special district's proportion of the total payment from the account.

(c) For the purposes of this section, "special district" means a district that provides fire protection services and transit districts. A special district that has both excluded and nonexcluded functions and that serves nonexcluded functions within a redevelopment project area shall receive a prorated share proportionate to the special district's overall share of countywide property tax that is received for its nonexcluded functions.

(d) The auditor-controller shall report the payments made to special districts pursuant to this section to the Controller by June 30 each year in a form and manner as specified by the Controller.

(e) The county auditor-controller may require special districts to provide, as a condition of receiving payments from the Special District Allocation Fund, any relevant information necessary to the determination of the payments made pursuant to this section.

CHAPTER 3.5. POST DISSOLUTION VOLUNTARY REDEVELOPMENT PROGRAM PARTICIPATION

34194.5. No community may establish a new redevelopment agency if its former redevelopment agency has been dissolved pursuant to Part 1.85 (commencing with Section 34170) until the successor entity has retired all existing enforceable obligations and debts of the former redevelopment agency and then only after the community adopts the ordinance specified in Section 34193, and the ordinance provides for payment of the remittances specified in paragraph (2) of subdivision (c) of Section 34194.

CHAPTER 4. ENFORCEMENT AND SANCTIONS

34195. In the event that a city or county fails to make the remittance required pursuant to the agreement specified in Section 34194 or 34194.5 and the Director of Finance makes the

1 determination described in those sections, the following shall
2 apply:

3 (a) The city or county shall no longer be authorized to engage
4 in voluntary redevelopment pursuant to this part and the
5 redevelopment agency shall become immediately subject to the
6 provisions of Part 1.8 (commencing with Section 34161) and Part
7 1.85 (commencing with 34170).

8 (b) The state shall be entitled to an assignment of any rights of
9 a city or county, as applicable, to any payments from the
10 redevelopment agency to which the city or county is entitled, as
11 described in subdivision (b) of Section 34193.2, for purposes of
12 mitigating the fiscal impact to the state related to the failure of
13 the city or county to make the required remittance payment.

14
15 *CHAPTER 5. AUDITOR-CONTROLLER FEE*

16
17 34196. The auditor-controller may charge a city or county a
18 fee that does not exceed the reasonable costs of the
19 auditor-controller to implement the provisions of this part.

20 SEC. 3. (a) The Legislature hereby finds and determines that
21 the requirements of this section are necessary in order to comply
22 with and refrain from impairing the requirements of that certain
23 judgment in Case Nos. C136398 and C133458 of the Superior
24 Court of the State of California for the County of Los Angeles,
25 entitled *Ernani Bernardi, et al, v. City Council of the City of Los*
26 *Angeles, et al*, and litigation related thereto, including, but not
27 limited to, *Bernardi v. City Council* (1997) 54 Cal.App.4th 426
28 and *County of Los Angeles v. Community Redevelopment Agency*
29 *of the City of Los Angeles* (BC 276472).

30 (b) The Legislature hereby finds and declares that the provisions
31 of the judgment described in subdivision (a) relating to a tax
32 increment cap expired on July 19, 2010, by the express terms of
33 that judgment and shall by its own terms be of no force or effect
34 after July 19, 2010.

35 (c) Notwithstanding subdivision (b) or any other provision of
36 law, the Community Redevelopment Agency of the City of Los
37 Angeles shall not be allocated and shall not receive tax increment
38 revenues pursuant to Section 33670 that were generated prior to
39 July 1, 2011, from any parcel of real property which was located

1 in the central business district redevelopment project on July 19,
2 1975, the date of the adoption of that redevelopment project.

3 (d) Commencing on July 1, 2011, and utilizing as the base year
4 assessment roll only the assessment roll to be equalized for the
5 2011–12 fiscal year, the Community Redevelopment Agency of the
6 City of Los Angeles shall be allocated tax increments from those
7 parcels described in subdivision (c) that are included within the
8 city center or central industrial redevelopment project areas,
9 subject to, and consistent with, all other provisions of law.

10 (e) The Legislature finds and declares that the provisions of
11 this section are necessary to carry out public policy and to
12 accomplish the purposes of the redevelopment plans for the city
13 center and central industrial redevelopment project areas.

14 (f) The provisions of this section are severable. If any provision
15 of the act adding this section or its application is held invalid, that
16 invalidity shall not affect the provisions of this section or
17 applications that can be given effect without the invalid provision
18 or application.

19 SEC. 4. If any legal challenge to invalidate a provision of
20 Section 2 of this act is successful, a redevelopment agency shall
21 be prohibited from issuing new bonds, notes, interim certificates,
22 debentures, or other obligations, whether funded, refunded,
23 assumed, or otherwise, pursuant to Article 5 (commencing with
24 Section 33640) of Chapter 6 of Part 1 of Division 24 of the Health
25 and Safety Code.

26 SEC. 5. The provisions of Section 2 of this act are distinct and
27 severable from the provisions of Part 1.8 (commencing with 34161)
28 and Part 1.85 (commencing with Section 34170) of Division 24 of
29 the Health and Safety Code and those provisions shall continue
30 in effect if any of the provisions of this act are held invalid.

31 SEC. 6. If Section 2 of this act, or the application thereof, is
32 held invalid in a court of competent jurisdiction, the remaining
33 provisions of this act are not severable and shall not be given, or
34 otherwise have, any force or effect.

35 SEC. 7. The sum of five hundred thousand dollars (\$500,000)
36 is hereby appropriated to the Department of Finance from the
37 General Fund for costs to comply with this act.

38 SEC. 8. The Legislature finds and declares that a special law
39 is necessary and that a general law cannot be made applicable
40 within the meaning of Section 16 of Article IV of the California

1 *Constitution because of unique circumstances concerning the Los*
2 *Angeles Redevelopment Agency.*

3 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
4 ~~changes relating to the Budget Act of 2011.~~

5 ~~SEC. 2.~~

6 *SEC. 9.* This act addresses the fiscal emergency declared and
7 reaffirmed by the Governor by proclamation on January 20, 2011,
8 pursuant to subdivision (f) of Section 10 of Article IV of the
9 California Constitution.

10 *SEC. 10.* *This act is a bill providing for appropriations related*
11 *to the Budget Bill within the meaning of subdivision (e) of Section*
12 *12 of Article IV of the California Constitution, has been identified*
13 *as related to the budget in the Budget Bill, and shall take effect*
14 *immediately.*

O