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CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 851

Introduced by Assembly Member Mayes
(Coauthor: Assembly Member Cooley)
(Coauthors: Senators Beall, Huff, and Moorlach)

February 26, 2015

An act to amend Sections 50077, 56658, 56885.5, 56886, and 57405 of, to add Sections 56045.5, 56653.1, 56770, 56804, 56813, 56814, 56816, 57401, and 57426 to, and to repeal Sections ~~57401~~, 57402, 57404, 57409, 57410, 57416, 57423, and 57424 of, the Government Code, and to amend Section 99 of the Revenue and Taxation Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 851, as amended, Mayes. Local government: organization: disincorporations.

(1) Existing law specifies a procedure for the legislative body of a city, county, or district to propose to the voters an ordinance or resolution to adopt a special tax pursuant to constitutional requirements. Existing law authorizes a local agency which is conducting proceedings

for the incorporation of a city, formation of a district, change of organization, a reorganization, a change of organization of a city, or a municipal reorganization to propose the adoption of a special tax on behalf of the affected city or district in accordance with this procedure.

This bill would additionally authorize a local agency conducting proceedings for the disincorporation of a city to propose the adoption of a special tax on behalf of an affected city in accordance with the above-described procedure.

(2) Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the authority and procedures for the initiation, conduct, and completion of changes of organization and reorganization of cities and districts. The act requires a local agency or school district that initiates proceedings for a change of local government organization or reorganization, by submitting a resolution of application to a local agency formation commission, to also submit a plan for providing services within the affected territory, as specified.

This bill would, in the case of a disincorporation or reorganization that includes a disincorporation, require the plan for services to include specific provisions, including, among others, an enumeration and description of the services currently provided by the city proposed for disincorporation.

(3) The act requires a petitioner or legislative body desiring to initiate proceedings to submit an application to the executive officer of the local agency formation commission, and requires the local agency formation commission, with regard to an application that includes an incorporation, to immediately notify all affected local agencies and any applicable state agency, as specified.

This bill would extend that requirement to an application that includes a disincorporation.

(4) Existing law prohibits the commission from approving or conditionally approving a proposal for an incorporation unless the commission finds, among other things, that the proposal is consistent with the intent of the act, the incorporation is consistent with the spheres of influence of affected local agencies, and the proposed city is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the 3 fiscal years following incorporation.

This bill would additionally prohibit the commission from approving or conditionally approving a proposal that includes a disincorporation unless the commission finds, among other things, that the

disincorporation is consistent with the intent of the act, the disincorporation will address necessary changes to spheres of influence of affected agencies, and the service responsibilities of the city proposed for disincorporation have been assigned, as specified.

(5) Existing law requires the executive officer of the commission to prepare a comprehensive fiscal analysis for any proposal that includes an incorporation, as specified.

This bill would additionally require the executive officer to prepare a comprehensive fiscal analysis for any proposal that includes a disincorporation, as specified.

(6) Existing law requires the commission to determine the amount of property tax revenue to be exchanged by the affected local agency for a proposal that includes the incorporation of a city, and sets forth the procedures to be followed in making that determination.

This bill would additionally require the commission to determine the amount of property tax revenue to be exchanged by the affected city and any successor or affected local agency for a proposal that includes a disincorporation of a city, and would set forth the procedures to be followed in making that determination.

The bill would additionally require the commission to determine, where the proposal includes the disincorporation of a city with the assignment of property tax revenues to a successor, the increase of the appropriations limit for a successor, if the successor is an existing entity, or the appropriations limit for a new special district, as specified.

The bill would state the intent of the Legislature that a proposal that includes a disincorporation of a city result in a determination that the debt or contractual obligations and responsibilities of the city being disincorporated be the responsibility of the same territory for repayment. The bill would require the city being disincorporated to provide a written statement prior to issuance of a certificate for filing for a proposal that includes a disincorporation that includes specified information relating to its debts and contractual obligations.

(7) Existing law authorizes the commission, in approving a disincorporation of a city, the dissolution of a district, or the reorganization or consolidation of agencies that result in the dissolution of one or more districts or disincorporation of one or more cities, to make the approval conditional upon the agency being dissolved not approving any increase in compensation or benefits for specified officers of the agency, or appropriating, encumbering, expending, or otherwise obligating any revenue of the agency beyond that provided in the current

budget at the time the dissolution is approved by the commission, unless it first finds that an emergency exists.

This bill would modify this provision to authorize the commission to make the approval conditional upon prohibiting the district that is being dissolved or the city that is being disincorporated from approving any increase in compensation or benefits for specified officers of the agency, or appropriating, encumbering, expending, or otherwise obligating any revenue of the agency beyond that provided in the current budget at the time the dissolution is approved by the commission, unless it first finds that an emergency exists.

The act also authorizes the commission to require a single question appearing on the ballot upon issues of annexation and reorganization in any election at which the questions of annexation and district reorganization or incorporation and district reorganization are to be considered at the same time.

This bill would additionally apply these provisions to a disincorporation and district reorganization.

(8) Existing law provides that an organization or reorganization may provide for, or be made subject to, specified terms and conditions, including the levying of assessments, including certain fees, or the approval by the voters of general or special taxes. Under existing law, these terms and conditions may not directly regulate land use, property development, or subdivision requirements, and the imposition of such a fee as a condition of the issuance of a building permit does not constitute a direct regulation of land use, property development, or subdivision requirements.

This bill would expand the scope of terms and conditions that may be provided for or required as a condition of an organization or reorganization to include the levying of fees generally. The bill would also make technical, nonsubstantive changes to this provision.

(9) Existing law requires every public officer of a city being disincorporated, prior to the effective date of the disincorporation, to turn the public property in his or her possession over to the board of supervisors.

This bill would ~~repeal this provision~~ *instead require all public property of the city being disincorporated, in the control or possession of any public officer or employee of the city, to be transferred to the possession and control of the successor or successors designated by the commission.*

(10) The act requires the commission, after ascertaining that the disincorporation has carried, to determine and certify in a written statement to the board of supervisors the indebtedness of the city, the amount of money in its treasury, and the amount of any tax levy or other obligation due the city that is unpaid or has not been collected.

This bill would repeal this provision.

(11) Existing law requires the board of supervisors to make specified determinations if the commission does not provide the board with a statement of those determinations.

This bill would repeal this provision.

(12) Existing law requires the tax collector to collect any tax that has been levied by a disincorporated city that remains uncollected when due and pay it into the county treasury.

This bill would provide that the tax collected and paid into the county treasury is on behalf of the designated successor or county to wind up affairs of the disincorporated city.

(13) Existing law requires the board of supervisors of a county to cause taxes to be levied and collected from within the territory formerly included within a disincorporated city, if there is not sufficient money in the treasury of a disincorporated city to the credit of the special fund to pay any city indebtedness as it becomes due. Existing law provides that any taxes levied pursuant to this provision are to be assessed, levied, and collected in the same manner and at the same time as other county taxes, and are additional taxes upon the property included within the territory of the disincorporated city.

This bill would repeal these provisions.

(14) Existing law requires the board of supervisors to levy a special tax upon all property within the disincorporated city if the revenues from specified public utilities are not sufficient for the administration, conduct, or improvement of the public utility.

This bill would repeal this provision.

(15) Existing law requires the board of supervisors to annually, at the time other county taxes are levied and collected, to levy and collect a special tax on the remainder of the territory of a disincorporated city sufficient to pay the balance of the debt, and pay that sum to the city treasurer. Existing law requires the city treasurer to pay the bonded indebtedness as it becomes due with the proceeds of those taxes.

This bill would repeal these provisions.

(16) Existing law provides that on and after the effective date of a disincorporation, the territory of the disincorporated city, all inhabitants

within the territory, and all persons formerly entitled to vote by reason of residing within the territory cease to be subject to the jurisdiction of the disincorporated city and have none of the rights or duties of inhabitants or voters of a city.

This bill would additionally provide that as of the effective date of a disincorporation, the general plan of the disincorporated city that was in effect immediately prior to the effective date of the disincorporation constitutes the community plan of the county for the territory of the disincorporated city, the zoning ordinances of the disincorporated city that were in effect immediately prior to the effective date of the disincorporation constitute the zoning ordinances of the county for that territory, and any conditional use permit or legal nonconforming use that was in place immediately prior to the effective date of the disincorporation remains in force pursuant to the community plan and zoning ordinances. The bill would provide that any use of land that was authorized under the general plan and zoning ordinances immediately prior to the effective date of the disincorporation continues to be authorized for as long a period as may be required by the California Constitution or the United States Constitution.

(17) Existing law requires a county auditor to adjust the allocation of property tax revenues for local agencies whose service area or service responsibility may be altered by specified jurisdictional changes. Existing law establishes procedures for determining the exchange of property tax revenues between a city and a county in the case of a jurisdictional change that consists of a city's qualified annexation of unincorporated territory, defined to mean an annexation of unincorporated territory for which an application or resolution was filed on or after January 1, 1998, and on or before January 1, 2015.

This bill would include a city disincorporation and dissolved district in those jurisdictional changes. The bill would also expand the above-described definition of a qualified annexation of unincorporated territory to include an annexation for which an application or resolution was filed on or before January 1, 2021.

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

(18) 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, if the Commission on State Mandates determines that the bill contains costs mandated by the state,

reimbursement for those costs shall be made pursuant to these statutory provisions.

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 50077 of the Government Code is
2 amended to read:

3 50077. (a) Except as provided in Section 7282 of the Revenue
4 and Taxation Code, the legislative body of any city, county, or
5 district may, following notice and public hearing, propose by
6 ordinance or resolution the adoption of a special tax. The ordinance
7 or resolution shall include the type of tax and rate of tax to be
8 levied, the method of collection, and the date upon which an
9 election shall be held to approve the levy of the tax. The
10 proposition shall be submitted to the voters of the city, county, or
11 district, or a portion thereof, and, upon the approval of two-thirds
12 of the votes cast by voters voting upon the proposition, the city,
13 county, or district may levy the tax.

14 (b) The legislative body of a city, or district, may provide for
15 the collection of the special tax in the same manner and subject to
16 the same penalty as, or with, other charges and taxes fixed and
17 collected by the city, or district, or, by agreement with the county,
18 by the county on behalf of the city, or district. If the special taxes
19 are collected by the county on behalf of the city, or district, the
20 county may deduct its reasonable costs incurred for the service
21 before remittal of the balance to the city.

22 (c) The legislative body of a local agency which is conducting
23 proceedings for the incorporation of a city, the formation of a
24 district, a change of organization, a reorganization, a change of
25 organization of a city, a municipal reorganization, or the
26 disincorporation of a city may propose by ordinance or resolution
27 the adoption of a special tax in accordance with the provisions of
28 subdivision (a) on behalf of an affected city or district.

29 (d) As used in this section “district” means an agency of the
30 state, formed pursuant to general law or special act, for the local
31 performance of governmental or proprietary functions within
32 limited boundaries.

1 SEC. 2. Section 56045.5 is added to the Government Code, to
2 read:

3 56045.5. "Indirect cost" has the same meaning as used in
4 paragraph (2) of subdivision (b) of Section 33338 of the Education
5 Code.

6 SEC. 3. Section 56653.1 is added to the Government Code, to
7 read:

8 56653.1. In the case of a disincorporation or reorganization
9 that includes a disincorporation, the plan for services required by
10 subdivision (a) of Section 56653 shall include the following:

11 (a) An enumeration and description of the services currently
12 provided by the city proposed for disincorporation and an
13 identification, where applicable, of the entity or entities proposed
14 to assume responsibility for the services following completion of
15 disincorporation.

16 (b) An enumeration and description of each service proposed
17 to be discontinued or transferred, the current financing of the
18 service or services, and any method of financing proposed by the
19 successor.

20 (c) A delineation of any existing financing of services currently
21 provided to include, but not be limited to, bonds, assessments,
22 community facility district governance, general taxes, special taxes,
23 other charges, and joint powers authorities or agreements.

24 (d) An indication of any current bankruptcy proceeding,
25 including, but not limited to, status and exit plan.

26 (e) An indication of any current order relating to services
27 provided by the city proposed for disincorporation by any agency,
28 department, office, or other division of the state, including, but
29 not limited to, a cease and desist order or water prohibition order.

30 (f) A written statement from each entity identified pursuant to
31 subdivision (a) that it has received a copy of the plan for services
32 submitted pursuant to this section.

33 (g) Any other information that the executive officer may deem
34 necessary to evaluate the plan for services submitted.

35 SEC. 4. Section 56658 of the Government Code is amended
36 to read:

37 56658. (a) Any petitioner or legislative body desiring to initiate
38 proceedings shall submit an application to the executive officer of
39 the principal county.

1 (b) (1) Immediately after receiving an application and before
2 issuing a certificate of filing, the executive officer shall give mailed
3 notice that the application has been received to each affected
4 agency, the county committee on school district organization, and
5 each school superintendent whose school district overlies the
6 affected territory. The notice shall generally describe the proposal
7 and the affected territory. The executive officer shall not be
8 required to give notice pursuant to this subdivision if a local agency
9 has already given notice pursuant to subdivision (c) of Section
10 56654.

11 (2) It is the intent of the Legislature that a proposal for
12 incorporation or disincorporation shall be processed in a timely
13 manner. With regard to an application that includes an
14 incorporation or disincorporation, the executive officer shall
15 immediately notify all affected local agencies and any applicable
16 state agencies by mail and request the affected agencies to submit
17 the required data to the commission within a reasonable timeframe
18 established by the executive officer. Each affected agency shall
19 respond to the executive officer within 15 days acknowledging
20 receipt of the request. Each affected local agency and the officers
21 and departments thereof shall submit the required data to the
22 executive officer within the timelines established by the executive
23 officer. Each affected state agency and the officers and departments
24 thereof shall submit the required data to the executive officer within
25 the timelines agreed upon by the executive officer and the affected
26 state departments.

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

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

38 (d) The executive officer shall not accept an application for
39 filing and issue a certificate of filing for at least 20 days after giving
40 the mailed notice required by subdivision (b). The executive officer

1 shall not be required to comply with this subdivision in the case
2 of an application which meets the requirements of Section 56662
3 or in the case of an application for which a local agency has already
4 given notice pursuant to subdivision (c) of Section 56654.

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

11 (f) When an application is accepted for filing, the executive
12 officer shall immediately issue a certificate of filing to the
13 applicant. A certificate of filing shall be in the form prescribed by
14 the executive officer and shall specify the date upon which the
15 proposal shall be heard by the commission. From the date of
16 issuance of a certificate of filing, or the date upon which an
17 application is deemed to have been accepted, whichever is earlier,
18 an application shall be deemed filed pursuant to this division.

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

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

31 SEC. 5. Section 56770 is added to the Government Code, to
32 read:

33 56770. The commission shall not approve or conditionally
34 approve any proposal that includes a disincorporation, unless,
35 based on the entire record, the commission makes all of the
36 following determinations:

37 (a) The proposed disincorporation is consistent with the intent
38 of this division to provide for a sustainable system for the delivery
39 of services.

1 (b) The commission has considered the service reviews of
2 municipal services and spheres of influence of the affected local
3 agencies, and the disincorporation will address the necessary
4 changes to those spheres of influence, if any.

5 (c) It has reviewed the comprehensive fiscal analysis prepared
6 pursuant to Section 56804.

7 (d) It has reviewed the executive officer's report and
8 recommendation prepared pursuant to Section 56665, and the oral
9 or written testimony presented at its public hearing.

10 (e) The service responsibilities of the city proposed for
11 disincorporation have been assigned through terms and conditions
12 authorized by Sections 56885.5, 56886, and 57302, and Chapter
13 5 (commencing with Section 57400) of Part 5.

14 SEC. 6. Section 56804 is added to the Government Code, to
15 read:

16 56804. For any proposal that includes a disincorporation, the
17 executive officer shall prepare, or cause to be prepared by contract,
18 a comprehensive fiscal analysis. This analysis shall become part
19 of the report required pursuant to Section 56665. Data used for the
20 analysis shall be from the most recent fiscal year for which data
21 is available, preceding the issuances of the certificate of filing.
22 When data requested by the executive officer in the notice to
23 affected agencies, pursuant to paragraph (2) of subdivision (b) of
24 Section 56658, is unavailable, the analysis shall document the
25 source and methodology of the data used. The analysis shall review
26 and document each of the following:

27 (a) The direct and indirect costs incurred by the city proposed
28 for disincorporation for providing public services during the three
29 fiscal years immediately preceding the submittal of the proposal
30 for disincorporation.

31 (b) The direct and indirect costs incurred by the city proposed
32 for disincorporation for current and proposed capital improvements,
33 facilities, assets, and infrastructure.

34 (c) The sources of funding, if any, available to the entities
35 proposed to assume the obligations of the city proposed for
36 disincorporation.

37 (d) The anticipated costs, including all ~~actual~~ direct and indirect
38 costs, ~~to the successor to the entities proposed to assume the~~
39 *obligations of the city proposed for disincorporation* in the
40 provision of services to the area proposed for disincorporation.

1 (e) When determining costs, the executive officer shall also
2 include all direct and indirect costs of any public services that are
3 proposed to be transferred to state agencies for delivery.

4 (f) The revenues of the city proposed for disincorporation during
5 the three fiscal years immediately preceding the initiation of the
6 disincorporation proposal.

7 (g) Any other information and analysis needed to make the
8 findings required by Section 56770.

9 SEC. 7. Section 56813 is added to the Government Code, to
10 read:

11 56813. (a) If the proposal includes the disincorporation of a
12 city, as defined in Section 56034, the commission shall determine
13 the amount of property tax revenue to be exchanged by the affected
14 city and any successor or affected local agency pursuant to this
15 section.

16 (b) The commission shall notify the county auditor of the
17 proposal, the affected local agencies to be extinguished, and the
18 services proposed to be transferred to new jurisdictions, and
19 identify for the auditor the changes to occur.

20 (c) If the proposal would not transfer all of the service
21 responsibilities of the disincorporating city to the affected county
22 or to a single affected agency, the commission and the county
23 auditor shall do all of the following:

24 (1) The county auditor shall determine the proportion that the
25 amount of property tax revenue derived by the city being
26 disincorporated pursuant to subdivision (b) of Section 93 of the
27 Revenue and Taxation Code bears to the total amount of revenue
28 from all sources, available for general purposes, received by the
29 city being disincorporated in the prior fiscal year and provide his
30 or her response within 15 days of receiving notification from the
31 commission pursuant to subdivision (b). For purposes of making
32 this determination and the determination required by paragraph
33 (3), “total amount of revenue from all sources available for general
34 purposes” means the total amount of revenue which the city being
35 disincorporated may use on a discretionary basis for any purpose
36 and does not include any of the following:

37 (A) Revenue that, by statute or ordinance, is required to be used
38 for a specific purpose.

1 (B) Revenue from fees, charges, or assessments that are levied
2 to specifically offset the cost of particular services and that do not
3 exceed the cost reasonably borne in providing these services.

4 (C) Revenue received from the federal government that is
5 required to be used for a specific purpose.

6 (2) The commission shall determine, based on information
7 submitted by the city being disincorporated, an amount equal to
8 the total net cost to that city during the prior fiscal year of providing
9 those services that an affected agency will assume within the area
10 subject to the proposal. For purposes of this paragraph, “total net
11 cost” means the total direct and indirect costs that were funded by
12 general purpose revenues of the city being disincorporated and
13 excludes any portion of the total cost that was funded by any
14 revenues of that agency that are specified in subparagraphs (A),
15 (B), and (C) of paragraph (1).

16 (3) For the services to be transferred to each affected local
17 agency, the commission shall multiply the amount determined
18 pursuant to paragraph (2) by the proportion determined pursuant
19 to paragraph (1) to derive the amount of property tax revenue used
20 to provide services by the city being disincorporated during the
21 prior fiscal year within the area subject to the proposal. The county
22 auditor shall adjust the amount so determined by the annual tax
23 increment pursuant to the procedures set forth in Chapter 6
24 (commencing with Section 95) of Part 0.5 of Division 1 of the
25 Revenue and Taxation Code, to the fiscal year in which the affected
26 agency receives its next allocation of property taxes.

27 (d) If the proposal for disincorporation would transfer all of the
28 service responsibilities of the city proposed for disincorporation,
29 other than those that are proposed to be discontinued, to a single
30 successor, the commission shall request the auditor to determine
31 the property tax revenue allocated to the city being disincorporated
32 by tax rate area, or portion thereof, and transmit that information
33 to the commission.

34 (e) The executive officer shall notify the auditor of the amount
35 determined pursuant to subdivision (c) or (d), as the case may be,
36 and, where applicable, the period of time within which and the
37 procedure by which the transfer of property tax revenues will be
38 effected pursuant to this section, at the time the executive officer
39 records a certificate of completion pursuant to Section 57203 for
40 any proposal described in subdivision (a), and the auditor shall

1 transfer that amount to the affected agency or agencies that will
 2 assume the services as determined by the commission. Any
 3 property tax not transferred to an affected agency pursuant to
 4 subdivision (c) shall be transferred to the affected county.

5 (f) For purposes of this section, “prior fiscal year” means the
 6 most recent fiscal year preceding the issuance of the certificate of
 7 filing for which data is available on actual direct and indirect costs
 8 and revenues needed to perform the calculations required by this
 9 section.

10 (g) Any action brought by a city, *county*, or district to contest
 11 any of the determinations of the county auditor or the commission
 12 with regard to the amount of property tax revenue to be exchanged
 13 by the affected local agencies pursuant to this section shall be
 14 commenced within three years of the effective date of the
 15 disincorporation.

16 SEC. 8. Section 56814 is added to the Government Code, to
 17 read:

18 56814. If the proposal includes the disincorporation of a city,
 19 as defined in Section 56034, with the assignment of property tax
 20 revenues to a successor the commission shall make the following
 21 determinations, as appropriate:

22 (a) The increase of the appropriations limit for the successor if
 23 the successor is an existing entity.

24 (b) The appropriations limit for a new special district through
 25 a formation process as defined by Section 56810.

26 SEC. 9. Section 56816 is added to the Government Code, to
 27 read:

28 56816. (a) It is the intent of the Legislature that any proposal
 29 that includes the disincorporation of a city result in a determination
 30 that the debt or contractual obligations and responsibilities of the
 31 city being disincorporated shall be the responsibility of that same
 32 territory for repayment. To ascertain this information, the city shall
 33 provide a written statement that determines and certifies all of the
 34 following to the commission prior to the issuance of a certificate
 35 of filing for a disincorporation proposal, pursuant to Sections 56651
 36 and 56658:

- 37 (1) The indebtedness of the city.
- 38 (2) The amount of money in the city’s treasury.
- 39 (3) The amount of any tax levy or other obligation due the city
- 40 that is unpaid or has not been collected.

1 (4) The amount of current and future liabilities, both internal
2 debt owed to other special or restricted funds or enterprise funds
3 within the agency and external debt owed to other public agencies
4 or outside lenders or that results from contractual obligations,
5 which may include contracts for goods or services, retirement
6 obligations, actuarially determined unfunded pension liability of
7 all classes in a public retirement system, including any
8 documentation related to the termination of public retirement
9 contract provisions, and the liability for other postemployment
10 benefits. The information required by this paragraph shall include
11 any associated revenue stream for financing that may be or has
12 been committed to that liability, including employee contributions.

13 (b) The city shall provide a written statement identifying the
14 successor agency to the city's former redevelopment agency, if
15 any, pursuant to Section 34173 of the Health and Safety Code.

16 SEC. 10. Section 56885.5 of the Government Code is amended
17 to read:

18 56885.5. (a) In any commission order giving approval to any
19 change of organization or reorganization, the commission may
20 make that approval conditional upon any of the following factors:

21 (1) Any of the conditions set forth in Section 56886.

22 (2) The initiation, conduct, or completion of proceedings for
23 another change of organization or a reorganization.

24 (3) The approval or disapproval, with or without election, as
25 may be provided by this division, of any resolution or ordinance
26 ordering that change of organization or reorganization.

27 (4) With respect to any commission determination to approve
28 the disincorporation of a city, the dissolution of a district, or the
29 reorganization or consolidation of agencies that results in the
30 dissolution of one or more districts or the disincorporation of one
31 or more cities, a condition that prohibits a district that is being
32 dissolved or a city that is being disincorporated from taking any
33 of the following actions, unless it first finds that either an
34 emergency situation exists as defined in Section 54956.5, or the
35 legislative body of the successor, as designated by the commission
36 has taken action approving one or more of the following actions:

37 (A) Approving any increase in compensation or benefits for
38 members of the governing board, its officers, or the executive
39 officer of the agency.

1 (B) Appropriating, encumbering, expending, or otherwise
2 obligating, any revenue of the agency beyond that provided in the
3 current budget at the time the commission approves the dissolution
4 or disincorporation.

5 (b) If the commission so conditions its approval, the commission
6 may order that any further action pursuant to this division be
7 continued and held in abeyance for the period of time designated
8 by the commission, not to exceed six months from the date of that
9 conditional approval.

10 (c) The commission order may also provide that any election
11 called upon any change of organization or reorganization shall be
12 called, held, and conducted before, upon the same date as, or after
13 the date of any election to be called, held, and conducted upon any
14 other change of organization or reorganization.

15 (d) The commission order may also provide that in any election
16 at which the questions of annexation and district reorganization
17 or, incorporation and district reorganization, or disincorporation
18 and district reorganization are to be considered at the same time,
19 there shall be a single question appearing on the ballot upon the
20 issues of annexation and district reorganization or incorporation
21 and district reorganization.

22 SEC. 11. Section 56886 of the Government Code is amended
23 to read:

24 56886. Any change of organization or reorganization may
25 provide for, or be made subject to one or more of, the following
26 terms and conditions. If a change of organization or reorganization
27 is made subject to one or more of the following terms and
28 conditions in the commission's resolution making determinations,
29 the terms and conditions imposed shall prevail in the event of a
30 conflict between a specific term and condition authorized pursuant
31 to this section and any of the general provisions of Part 5
32 (commencing with Section 57300). However, none of the following
33 terms and conditions shall directly regulate land use, property
34 development, or subdivision requirements:

35 (a) The payment of a fixed or determinable amount of money,
36 either as a lump sum or in installments, for the acquisition, transfer,
37 use, or right of use of all or any part of the existing property, real
38 or personal, of any city, county, or district.

1 (b) The levying or fixing and the collection of any of the
2 following, for the purpose of providing for any payment required
3 pursuant to subdivision (a):

- 4 (1) Special, extraordinary, or additional taxes or assessments.
- 5 (2) Special, extraordinary, or additional service charges, rentals,
6 or rates.
- 7 (3) Both taxes or assessments and service charges, rentals, or
8 rates.

9 (c) The imposition, exemption, transfer, division, or
10 apportionment, as among any affected cities, affected counties,
11 affected districts, and affected territory of liability for payment of
12 all or any part of principal, interest, and any other amounts which
13 shall become due on account of all or any part of any outstanding
14 or then authorized but thereafter issued bonds, including revenue
15 bonds, or other contracts or obligations of any city, county, district,
16 or any improvement district within a local agency, and the levying
17 or fixing and the collection of any (1) taxes or assessments, or (2)
18 service charges, rentals, or rates, or (3) both taxes or assessments
19 and service charges, rentals, or rates, in the same manner as
20 provided in the original authorization of the bonds and in the
21 amount necessary to provide for that payment.

22 (d) If, as a result of any term or condition made pursuant to
23 subdivision (c), the liability of any affected city, affected county,
24 or affected district for payment of the principal of any bonded
25 indebtedness is increased or decreased, the term and condition
26 may specify the amount, if any, of that increase or decrease which
27 shall be included in, or excluded from, the outstanding bonded
28 indebtedness of that entity for the purpose of the application of
29 any statute or charter provision imposing a limitation upon the
30 principal amount of outstanding bonded indebtedness of the entity.

31 (e) The formation of a new improvement district or districts or
32 the annexation or detachment of territory to, or from, any existing
33 improvement district or districts.

34 (f) The incurring of new indebtedness or liability by, or on behalf
35 of, all or any part of any local agency, including territory being
36 annexed to any local agency, or of any existing or proposed new
37 improvement district within that local agency. The new
38 indebtedness may be the obligation solely of territory to be annexed
39 if the local agency has the authority to establish zones for incurring
40 indebtedness. The indebtedness or liability shall be incurred

1 substantially in accordance with the laws otherwise applicable to
2 the local agency.

3 (g) The issuance and sale of any bonds, including authorized
4 but unissued bonds of a local agency, either by that local agency
5 or by a local agency designated as the successor to any local agency
6 which is extinguished as a result of any change of organization or
7 reorganization.

8 (h) The acquisition, improvement, disposition, sale, transfer, or
9 division of any property, real or personal.

10 (i) The disposition, transfer, or division of any moneys or funds,
11 including cash on hand and moneys due but uncollected, and any
12 other obligations.

13 (j) The fixing and establishment of priorities of use, or right of
14 use, of water, or capacity rights in any public improvements or
15 facilities or any other property, real or personal. However, none
16 of the terms and conditions ordered pursuant to this subdivision
17 shall modify priorities of use, or right of use, to water, or capacity
18 rights in any public improvements or facilities that have been fixed
19 and established by a court or an order of the State Water Resources
20 Control Board.

21 (k) The establishment, continuation, or termination of any office,
22 department, or board, or the transfer, combining, consolidation,
23 or separation of any offices, departments, or boards, or any of the
24 functions of those offices, departments, or boards, if, and to the
25 extent that, any of those matters is authorized by the principal act.

26 (l) The employment, transfer, or discharge of employees, the
27 continuation, modification, or termination of existing employment
28 contracts, civil service rights, seniority rights, retirement rights,
29 and other employee benefits and rights.

30 (m) The designation of a city, county, or district, as the successor
31 to any local agency that is extinguished as a result of any change
32 of organization or reorganization, for the purpose of succeeding
33 to all of the rights, duties, and obligations of the extinguished local
34 agency with respect to enforcement, performance, or payment of
35 any outstanding bonds, including revenue bonds, or other contracts
36 and obligations of the extinguished local agency.

37 (n) The designation of (1) the method for the selection of
38 members of the legislative body of a district or (2) the number of
39 those members, or (3) both, where the proceedings are for a
40 consolidation, or a reorganization providing for a consolidation or

1 formation of a new district and the principal act provides for
2 alternative methods of that selection or for varying numbers of
3 those members, or both.

4 (o) The initiation, conduct, or completion of proceedings on a
5 proposal made under, and pursuant to, this division.

6 (p) The fixing of the effective date or dates of any change of
7 organization, subject to the limitations of Section 57202.

8 (q) Any terms and conditions authorized or required by the
9 principal act with respect to any change of organization.

10 (r) The continuation or provision of any service provided at that
11 time, or previously authorized to be provided by an official act of
12 the local agency.

13 (s) The levying of either of the following:

14 (1) Assessments or fees, including the imposition of a fee
15 pursuant to Section 50029 or 66484.3. For the purposes of this
16 section, imposition of a fee as a condition of the issuance of a
17 building permit does not constitute direct regulation of land use,
18 property development, or subdivision requirements.

19 (2) General or special taxes subject to approval by the voters.

20 (t) The extension or continuation of any previously authorized
21 charge, fee, assessment, or tax by the local agency or a successor
22 local agency in the affected territory.

23 (u) The transfer of authority and responsibility among any
24 affected cities, affected counties, and affected districts for the
25 administration of special tax and special assessment districts,
26 including, but not limited to, the levying and collecting of special
27 taxes and special assessments, including the determination of the
28 annual special tax rate within authorized limits; the management
29 of redemption, reserve, special reserve, and construction funds;
30 the issuance of bonds which are authorized but not yet issued at
31 the time of the transfer, including not yet issued portions or phases
32 of bonds which are authorized; supervision of construction paid
33 for with bond or special tax or assessment proceeds; administration
34 of agreements to acquire public facilities and reimburse advances
35 made to the district; and all other rights and responsibilities with
36 respect to the levies, bonds, funds, and use of proceeds that would
37 have applied to the local agency that created the special tax or
38 special assessment district.

39 (v) Any other matters necessary or incidental to any of the terms
40 and conditions specified in this section. If a change of organization,

1 reorganization, or special reorganization provides for, or is made
2 subject to one or more of, the terms and conditions specified in
3 this section, those terms and conditions shall be deemed to be the
4 exclusive terms and conditions for the change of organization,
5 reorganization, or special reorganization, and shall control over
6 any general provisions of Part 5 (commencing with Section 57300).

7 ~~SEC. 12. Section 57401 of the Government Code is repealed.~~

8 *SEC. 12. Section 57401 of the Government Code is amended*
9 *to read:*

10 57401. Prior to the effective date of the disincorporation, ~~every~~
11 *all public property of the disincorporating city under the control*
12 *of, or in the possession of, any public officer or employee of the*
13 *city shall turn over to the board of supervisors the public property*
14 *in his or her possession be transferred to the possession and control*
15 *of the successor or successors designated by the commission.*

16 SEC. 13. Section 57402 of the Government Code is repealed.

17 SEC. 14. Section 57404 of the Government Code is repealed.

18 SEC. 15. Section 57405 of the Government Code is amended
19 to read:

20 57405. If a tax has been levied by the disincorporated city and
21 remains uncollected, the county tax collector shall collect it when
22 due and pay it into the county treasury on behalf of the designated
23 successor agency or county to wind up the affairs of the
24 disincorporated city.

25 SEC. 16. Section 57409 of the Government Code is repealed.

26 SEC. 17. Section 57410 of the Government Code is repealed.

27 SEC. 18. Section 57416 of the Government Code is repealed.

28 SEC. 19. Section 57423 of the Government Code is repealed.

29 SEC. 20. Section 57424 of the Government Code is repealed.

30 SEC. 21. Section 57426 is added to the Government Code, to
31 read:

32 57426. As of the effective date of the disincorporation, all of
33 the following apply:

34 (a) The general plan of the disincorporated city that was in effect
35 immediately prior to the effective date of the disincorporation shall
36 constitute the community plan of the county for the territory of
37 the disincorporated city until the county updates the community
38 plan, adopts a specific plan, or amends its county general plan for
39 the unincorporated territory.

1 (b) The zoning ordinances of the disincorporated city that were
2 in effect immediately prior to the effective date of the
3 disincorporation shall constitute the zoning ordinances of the
4 county for that territory, and shall be so identified in any
5 community plan, specific plan, or general plan amendment adopted
6 by the county, until the county updates the zoning ordinances
7 applicable to that territory.

8 (c) Any conditional use permit or legal nonconforming use that
9 was in place immediately prior to the effective date of the
10 disincorporation shall remain in force pursuant to the community
11 plan and zoning ordinances.

12 (d) Any use of land that was authorized under the general plan
13 and zoning ordinances immediately prior to the effective date of
14 the disincorporation shall continue to be authorized, for as long a
15 period as may be required by the California Constitution or United
16 States Constitution.

17 SEC. 22. Section 99 of the Revenue and Taxation Code is
18 amended to read:

19 99. (a) For the purposes of the computations required by this
20 chapter:

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

29 (2) In the case of a city incorporation or disincorporation, the
30 auditor shall assign the allocation of property tax revenues
31 determined pursuant to Section 56810 of the Government Code
32 and the adjustments in tax revenues that may occur pursuant to
33 Section 56815 of the Government Code to the newly formed city
34 or district and shall make the adjustment as determined by Section
35 56810 or 56813 in the allocation of property tax revenue
36 determined pursuant to Section 96 or 96.1 for each local agency
37 whose service area or service responsibilities would be altered by
38 the incorporation.

39 (3) In the case of a formation of a district as defined in Section
40 2215, the auditor shall assign the allocation of property tax

1 revenues determined pursuant to Section 56810 of the Government
2 Code to the district and shall make the adjustment as determined
3 by Section 56810, or for the disincorporated city or dissolved
4 district as determined by Section 56813, in the allocation of
5 property tax revenue determined pursuant to Section 96 or 96.1
6 for each local agency whose service area or service responsibilities
7 would be altered by the change of organization.

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

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

21 (B) The auditor shall estimate the amount of property tax
22 revenue generated within the territory that is the subject of the
23 jurisdictional change during the current fiscal year.

24 (2) The auditor shall estimate what proportion of the property
25 tax revenue determined pursuant to paragraph (1) is attributable
26 to each local agency pursuant to Sections 96.1 and 96.5.

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

33 (4) Upon receipt of the estimates pursuant to paragraph (3), the
34 local agencies shall commence negotiations to determine the
35 amount of property tax revenues to be exchanged between and
36 among the local agencies. Except as otherwise provided, this
37 negotiation period shall not exceed 60 days. If a local agency
38 involved in these negotiations notifies the other local agencies, the
39 county auditor, and the local agency formation commission in

1 writing of its desire to extend the negotiating period, the negotiating
2 period shall be 90 days.

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

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

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

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

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

1 determined in accordance with subdivision (e) if that exchange of
2 revenues is not otherwise determined pursuant to either of the
3 following:

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

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

8 For purposes of this paragraph, a qualified annexation of
9 unincorporated territory means an annexation, as so described, for
10 which an application or a resolution was filed on or after January
11 1, 1998, and on or before January 1, 2021.

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

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

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

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

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

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

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

35 (C) The city and the county shall mutually select an arbitrator,
36 funded in equal portions by those agencies, to conduct an advisory
37 arbitration with the city and the county for a period not to exceed
38 30 days. At the conclusion of this arbitration period, the city and
39 the county shall each present to the arbitrator its last and best offer
40 with respect to the exchange of property tax revenues. The

1 arbitrator shall select one of the offers and recommend that offer
2 to the governing bodies of the city and the county. If the governing
3 body of the city or the county rejects the recommended offer, it
4 shall do so during a public hearing, and shall, at the conclusion of
5 that hearing, make written findings of fact as to why the
6 recommended offer was not accepted.

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

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

27 (g) For the purpose of determining the amount of property tax
28 to be allocated in the 1979–80 fiscal year and each fiscal year
29 thereafter, for a city incorporation that was filed pursuant to
30 Sections 54900 to 54904, inclusive, of the Government Code after
31 January 1, 1978, but on or before January 1, 1979, the amount of
32 property tax revenue considered to have been received by the
33 jurisdiction for the 1978–79 fiscal year shall be equal to two-thirds
34 of the amount of property tax revenue projected in the final local
35 agency formation commission staff report pertaining to the
36 incorporation multiplied by the proportion that the total amount
37 of property tax revenue received by all jurisdictions within the
38 county for the 1978–79 fiscal year bears to the total amount of
39 property tax revenue received by all jurisdictions within the county
40 for the 1977–78 fiscal year. Except, however, in the event that the

1 final commission report did not specify the amount of property
2 tax revenue projected for that incorporation, the commission shall
3 by October 10 determine pursuant to Section 54790.3 of the
4 Government Code the amount of property tax to be transferred to
5 the city.

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

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

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

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

36 (2) In the event that the affected jurisdictions are unable to agree,
37 within 60 days after the effective date of the jurisdictional change,
38 and if all the jurisdictions are wholly within one county, the county
39 board of education shall, by resolution, determine the amount of
40 property tax revenue to be exchanged. If the jurisdictions are in

1 more than one county, the State Board of Education shall, by
2 resolution, within 60 days after the effective date of the
3 jurisdictional change, determine the amount of property tax to be
4 exchanged.

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

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

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

32 SEC. 23. If the Commission on State Mandates determines
33 that this act contains costs mandated by the state, reimbursement
34 to local agencies and school districts for those costs shall be made
35 pursuant to Part 7 (commencing with Section 17500) of Division
36 4 of Title 2 of the Government Code.

O