

**ASSEMBLY BILL**

**No. 1379**

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**Introduced by Assembly Member Thompson**

February 24, 1995

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An act to amend Section 33607.5 of the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

AB 1379, as introduced, B. Thompson. Redevelopment: redevelopment agencies: payments to affected taxing agencies: State Water Resources Development System.

Existing law, known as the Community Redevelopment Law, authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined, in blighted areas of those communities known as project areas. The existing Community Redevelopment Law requires that, with regard to redevelopment plans adopted, or amended to include new territory, after January 1, 1994, redevelopment agencies make specified payments to local taxing entities that are affected by activities of the redevelopment agencies. The Community Redevelopment Law also provides that these payments are the exclusive payments that redevelopment agencies are required to make to affected taxing entities during the term of a redevelopment plan.

Existing provisions of the Water Code establish the State Water Resources Development System, which consists of specified state water facilities.

This bill would create an exception in the Community Redevelopment Law by authorizing redevelopment agencies

to make, in addition to the payments required under existing law, specified financial arrangements with regard to affected local taxing agencies obligated to make payments to the State Water Resources Development System.

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

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

1 SECTION 1. Section 33607.5 of the Health and Safety  
2 Code is amended to read:

3 33607.5. (a) (1) This section shall apply to each  
4 redevelopment project area that, pursuant to a  
5 redevelopment plan which contains the provisions  
6 required by Section 33670 is either: (A) adopted on or  
7 after January 1, 1994, including later amendments to  
8 these redevelopment plans; or (B) adopted prior to  
9 January 1, 1994, but amended, after January 1, 1994, to  
10 include new territory. For plans amended after January  
11 1, 1994, only the tax increments from territory added by  
12 the amendment shall be subject to this section. All the  
13 amounts calculated pursuant to this section shall be  
14 calculated after the amount required to be deposited in  
15 the Low and Moderate Income Housing Fund pursuant  
16 to Sections 33334.2, 33334.3, and 33334.6 has been  
17 deducted from the total amount of tax increment funds  
18 received by the agency in the applicable fiscal year.

19 (2) The payments made pursuant to this section shall  
20 be in addition to any amounts the affected taxing entities  
21 receive pursuant to subdivision (a) of Section 33670. The  
22 payments made pursuant to this section to the affected  
23 taxing entities shall be allocated among the affected  
24 taxing entities in proportion to the percentage share of  
25 property taxes each affected taxing entity receives during  
26 the fiscal year the funds are allocated. The agency shall  
27 reduce its payments pursuant to this section to an affected  
28 taxing entity by any amount the agency has paid, directly  
29 or indirectly, pursuant to Section 33445, 33445.5, 33445.6,  
30 33446, or any other provision of law other than this section  
31 for, or in connection with, a public facility owned or



1 leased by that affected taxing agency, except: (A) any  
2 amounts the agency has paid directly or indirectly  
3 pursuant to an agreement with a taxing entity adopted  
4 prior to January 1, 1994; or (B) any amounts that are  
5 unrelated to the specific project area or amendment  
6 governed by this section.

7 (3) (A) Of the total amount paid each year pursuant  
8 to this section to school districts, 43.9 percent shall be  
9 considered to be property taxes for the purposes of  
10 paragraph (1) of subdivision (h) of Section 42238 of the  
11 Education Code, and 56.1 percent shall not be considered  
12 to be property taxes for the purposes of that section and  
13 shall be available to be used for educational facilities.

14 (B) Of the total amount paid each year pursuant to this  
15 section to community college districts, 47.5 percent shall  
16 be considered to be property taxes for the purposes of  
17 Section 84751 of the Education Code, and 52.5 percent  
18 shall not be considered to be property taxes for the  
19 purposes of that section and shall be available to be used  
20 for educational facilities.

21 (C) Of the total amount paid each year pursuant to  
22 this section to county offices of education, 19.0 percent  
23 shall be considered to be property taxes for the purposes  
24 of Section 2558 of the Education Code, and 81.0 percent  
25 shall not be considered to be property taxes for the  
26 purposes of that section and shall be available to be used  
27 for educational facilities.

28 (D) Of the total amount paid each year pursuant to  
29 this section for special education, 19.0 percent shall be  
30 considered to be property taxes for the purposes of  
31 Section 56712 of the Education Code, and 81.0 percent  
32 shall not be considered to be property taxes for the  
33 purposes of that section and shall be available to be used  
34 for education facilities.

35 (4) Local education agencies that use funds received  
36 pursuant to this section for school facilities shall spend  
37 these funds at schools that are: (A) within the project  
38 area, (B) attended by students from the project area, (C)  
39 attended by students generated by projects that are  
40 assisted directly by the redevelopment agency, or (D)



1 determined by the governing board of a local education  
2 agency to be of benefit to the project area.

3 (b) Commencing with the first fiscal year in which the  
4 agency receives tax increments and continuing through  
5 the last fiscal year in which the agency receives tax  
6 increments, a redevelopment agency shall pay to the  
7 affected taxing entities, other than the community which  
8 has adopted the project, an amount equal to 25 percent  
9 of the tax increments received by the agency after the  
10 amount required to be deposited in the Low and  
11 Moderate Income Housing Fund has been deducted. In  
12 addition, in any fiscal year in which the agency receives  
13 tax increments, the community that has adopted the  
14 redevelopment project area may elect to receive, and the  
15 agency shall pay to it, an amount equal to 25 percent of  
16 the tax increments received by the agency after the  
17 amount required to be deposited in the Low and  
18 Moderate Income Housing Fund has been deducted.

19 (c) Commencing with the 11th fiscal year in which the  
20 agency receives tax increments and continuing through  
21 the last fiscal year in which the agency receives tax  
22 increments, a redevelopment agency shall pay to the  
23 affected taxing entities, other than the community which  
24 has adopted the project, in addition to the amounts paid  
25 pursuant to subdivision (b) and after deducting the  
26 amount allocated to the Low and Moderate Income  
27 Housing Fund, an amount equal to 21 percent of the  
28 portion of tax increments received by the agency, which  
29 shall be calculated by applying the tax rate against the  
30 amount of assessed value by which the current year  
31 assessed value exceeds the first adjusted base year  
32 assessed value. The first adjusted base year assessed value  
33 is the assessed value of the project area in the 10th fiscal  
34 year in which the agency receives tax increment  
35 revenues.

36 (d) Commencing with the 31st fiscal year in which the  
37 agency receives tax increments and continuing through  
38 the last fiscal year in which the agency receives tax  
39 increments, a redevelopment agency shall pay to the  
40 affected taxing entities, other than the community which



1 has adopted the project, in addition to the amounts paid  
2 pursuant to subdivisions (b) and (c) and after deducting  
3 the amount allocated to the Low and Moderate Income  
4 Housing Fund, an amount equal to 14 percent of the  
5 portion of tax increments received by the agency, which  
6 shall be calculated by applying the tax rate against the  
7 amount of assessed value by which the current year  
8 assessed value exceeds the second adjusted base year  
9 assessed value. The second adjusted base year assessed  
10 value is the assessed value of the project area in the 30th  
11 fiscal year in which the agency receives tax increments.

12 (e) (1) Prior to incurring any loans, bonds, or other  
13 indebtedness, except loans or advances from the  
14 community, the agency may subordinate to the loans,  
15 bonds, or other indebtedness the amount required to be  
16 paid to an affected taxing entity by this section, provided  
17 that the affected taxing entity has approved these  
18 subordinations pursuant to this subdivision.

19 (2) At the time the agency requests an affected taxing  
20 entity to subordinate the amount to be paid to it, the  
21 agency shall provide the affected taxing entity with  
22 substantial evidence that sufficient funds will be available  
23 to pay both the debt service and the payments required  
24 by this section, when due.

25 (3) Within 45 days after receipt of the agency's  
26 request, the affected taxing entity shall approve or  
27 disapprove the request for subordination. An affected  
28 taxing entity may disapprove a request for subordination  
29 only if it finds, based upon substantial evidence, that the  
30 agency will not be able to pay the debt payments and the  
31 amount required to be paid to the affected taxing entity.  
32 If the affected taxing entity does not act within 45 days  
33 after receipt of the agency's request, the request to  
34 subordinate shall be deemed approved and shall be final  
35 and conclusive.

36 (f) (1) The Legislature finds and declares both of the  
37 following:

38 (A) The payments made pursuant to this section are  
39 necessary in order to alleviate the financial burden and  
40 detriment that affected taxing entities may incur as a



1 result of the adoption of a redevelopment plan, and  
2 payments made pursuant to this section will benefit  
3 redevelopment project areas.

4 (B) The payments made pursuant to this section are  
5 the exclusive payments that are required to be made by  
6 a redevelopment agency to affected taxing entities  
7 during the term of a redevelopment plan, *except that*  
8 *taxes levied to make payments for, and pursuant to the*  
9 *purposes of, the State Water Resources Development*  
10 *System may be allocated to, and when collected paid into,*  
11 *the fund of the taxing agency obligated to make the*  
12 *payments. Allocations made for ultimate payment to the*  
13 *State Water Resources Development System shall not*  
14 *cause any reduction in payments to a taxing agency*  
15 *pursuant to paragraph (2) of subdivision (a).*

16 (2) Notwithstanding any other provision of law, a  
17 redevelopment agency shall not be required, either  
18 directly or indirectly, as a measure to mitigate a  
19 significant environmental effect or as part of any  
20 settlement agreement or judgment brought in any action  
21 to contest the validity of a redevelopment plan pursuant  
22 to Section 33501, to make any other payments to affected  
23 taxing entities, *except for payments allocated to affected*  
24 *taxing entities for use in making payments to the State*  
25 *Water Resources Development System, or to pay for*  
26 *public facilities that will be owned or leased to an affected*  
27 *taxing entity.*

28 (g) As used in this section, ~~a “local section:~~

29 (1) “Local education agency” is a school district, a  
30 community college district, or a county office of  
31 education.

32 (2) “State Water Resources Development System” has  
33 the same meaning as used in Section 12931 of the Water  
34 Code.

