

## CALAFCO Legislative Update as of September 29, 2014

*Below is a summary update of the top priority bills being tracked by CALAFCO. For updates on all of the bills being tracked, go to the CALAFCO website and see the daily updates in the legislative section.*

### **Legislative Deadlines:**

**September 30** – last day for the Governor to sign bills placed before him on or after September 1.

**AB 2762 (ALGC – Omnibus) – CALAFCO Sponsor and Support**  
***SIGNED BY THE GOVERNOR AND CHAPTERED 7/9/14.***

**AB 2156 (Achadjian) CALAFCO Support**  
***SIGNED BY THE GOVERNOR AND CHAPTERED 6/4/14.***

Writes Joint Power Authorities into CKH through definition of both, and as entities from which the LAFCo is authorized to request information for studies, and requires the JPA to respond to the request for information.

**AB 1521 (last amended 8/4/14) (Fox) CALAFCO Support**  
***VETOED BY THE GOVERNOR ON 9/28/14.***

*GOVERNOR'S MESSAGE: To the Members of the California State Assembly: I am returning Assembly Bill 1521 without my signature. This bill changes the formula for calculating annual vehicle license fee adjustment amounts for territories annexed after 2004. While it is true that the state's economy has improved markedly, and significant progress has been made in aligning revenues and expenditures, I do not believe that it would be prudent to authorize legislation that would result in long term costs to the general fund that this bill would occasion. Sincerely, Edmund G. Brown Jr.*

This bill would have reinstated the VLF payment (through ERAF) and change the way that the growth in the VLF adjustment amount (property tax in lieu of VLF) is calculated starting in FY 2014-15 to include the growth of assessed valuation, including in an annexed area, from FY 2004-05 to FY 2014-15. Beginning in FY 2015-16, the VLF adjustment amount would have been the jurisdiction's annual change in the assessed valuation. This bill had been marked as an urgency bill to take effect immediately.

**SB 69** (last amended 8/18/14) (Roth) CALAFCO Support  
**VETOED BY THE GOVERNOR ON 9/28/14.**

*GOVERNOR'S MESSAGE: To the Members of the California State Senate: I am returning Senate Bill 69 without my signature. This bill allows four cities that incorporated after January 1, 2004 and before January 1, 2012 to receive additional property tax revenue through a redistribution of Vehicle License Fee revenue. While it is true that the state's economy has improved markedly, and significant progress has been made in aligning revenues and expenditures, I do not believe that it would be prudent to authorize legislation that would result in long term costs to the general fund that this bill would occasion. Sincerely, GOVERNOR EDMUND G. BROWN JR.*

The bill called for reinstatement of the VLF through ERAF for cities that incorporated between January 1, 2004 and January 1, 2012. There are no provisions for back payments for lost revenue, but the bill did reinstate future payments beginning in the 2014/15 year for cities that incorporated between 1-1-2004 and 1-1-2012.

**AB 1527** (last amended 8/20/14) (Perea) CALAFCO Support  
**VETOED BY THE GOVERNOR ON 9/28/14.**

*GOVERNOR'S MESSAGE: To the Members of the California State Assembly: I am returning Assembly Bill 1527 without my signature because signing the bill would not result in the bill becoming law. The provisions in existing law would repeal the sections of this bill and repeal it in its entirety on January 1, 2015. I do, however, fully support the policy of consolidation where appropriate and I have asked the State Water Board to incorporate it into the drinking water policy handbook. Edmund G. Brown Jr.*

Gut and amended on June 26 and substantially amended again on Aug. 20. As amended, this bill required the State Water Resources Control Board to provide incentives for the consolidation of public water systems based on LAFCo studies. It further required the Board to adopt a policy handbook. Once done, this newly added provision will be repealed. The bill had undergone a number of substantial amendments, consequently eliminating the provision that LAFCOs be added to the list of eligible entities for receiving grant funding from the Strategic Growth Council. However it still acknowledged the importance and usefulness of Municipal Service Reviews at the state level by requiring the Board to use that data in their processes of consolidation incentives.

**SB 614** (last amended 8/18/14) (Wolk) CALAFCO Support  
**ENROLLED, PRESENTED TO GOVERNOR FOR SIGNATURE ON  
8/28/14.**

As amended, the bill is intended to provide an incentive to cities to annex disadvantaged unincorporated communities by creating an option for a funding mechanism using a property tax sharing agreement by affected entities (to share the 1% tax dollars) and ensuing tax increment. A special district would be created to act as the vehicle for that funding. The bill allows LAFCo to consider, as part of the application, the formation of a new district or the reorganization of an existing district, but only if all of the affected agencies are in agreement. Further, the bill allows a consenting local agency to advance funds to the special district for the sole purposes outlined in the annexation development plan (for specific infrastructure upgrades). There is a ten year sunset on the provisions created by this bill to January 1, 2025.

CALAFCO spent over two months working closely with Senator Wolk's staff and the staff of the Senate Governance & Finance committee on amendments to the bill. All of the originally stated concerns have been eliminated with the August 18<sup>th</sup> amendments.

**AB 1739 and SB 1168 – Sustainable Groundwater Agencies (SGAs)**

Summary under separate cover.

**AB 1739** (last amended 8/22/14) (Dickinson) CALAFCO Watch  
**SIGNED BY THE GOVERNOR AND CHAPTERED 9/16/14.**

**SB 1168** (last amended 8/22/14) (Pavley) CALAFCO Watch  
**SIGNED BY THE GOVERNOR AND CHAPTERED 9/16/14.**